EUROPE'S BUSINESS NEWSPAPER
FINANCIAL TIMES
No. 30,996 ★★★ Weekend November 11/November 12 1989 D 8523A

WORLD NEWS

Blue Arrow 11 bailed for £100,000

Eleven bankers, stockbrokers and a lawyer facing criminal charges over the Blue Arrow affair were bailed for £100,000 each at Guildhall court in the City of London.

They were accused of conspiracy to defraud investors or potential investors in Blue Arrow, which had launched an unsuccessful rights issue in the autumn of 1987, by concealing a 19.39 per cent stake in the company. Page 24; The full charges, Page 6

CEGB chief to quit

Lord Marshall is resigning as chairman of the Central Electricity Generating Board and chairman-designate of post-privatisation group National Power. Report and Lex, Page 24; Energy coverage, Page 6

Bush invites Shamir

US President George Bush invited Israeli Premier Yitzhak Shamir, who is making a private visit, to talk with him next week. Page 4

Papandreou bid

Former Greek socialist premier Andreas Papandreou invited the Communist-led Left Alliance to join a coalition with his Pasok party after conservative leader Constantine Mitsotakis failed to form a Government. Page 4

Solicitor jailed

Solicitor Christopher Farrow, 37, was jailed for four months at Bristol for helping defraud a building society by a fictitious client deception.

Cadillac burial

An Aurora, Indiana, woman cancer victim was buried at her own request in the back of her Cadillac convertible. Her husband bought 14 burial plots.

BUSINESS SUMMARY

Equities end week with good gains

The UK equity market ended the week in fine form with share prices posting good gains. The FT-SE 100 share index added 15 to 2,216.7, extending the rise over the week to 43.6.

Only two weeks ago the market was reeling in the aftermath of "Grey Monday" and the resignation of Nigel Lawson as Chancellor. Since then, the index has risen 134.6, more than 6 per cent. Page 17

FERRANTI International Signal is to shed 400 jobs at Edinburgh-based Ferranti Defence Systems, one of its core businesses with 6,700 staff, through early retirement and recruitment cuts. Page 24

BRAZIL is investigating what is believed to be the country's biggest foreign exchange fraud involving the illegal transfer abroad of sums of about $360m (£228m). Page 4

FRENCH drinks groups Cointreau and Pavis, which controls the Rémy Martin cognac house, plan to merge to create a group with annual sales of around FFr6bn (£600m). The merger does not appear to settle the 16-year-old family feud at Rémy Martin. Page 12

MOUNTLEIGH: Institutions with equity holdings in the property group have been engaged in talks on the possibility of inducing an offer of 200p a share from the two US businessmen who on Wednesday bought the 22.5 per cent holding of then-chairman Tony Clegg for £70.4m. Page 10

FORD Motor Company's chairman Donald Petersen is retiring early and will be replaced by Harold Poling, his long-time vice chairman. Page 12

UNILEVER, the Anglo-Dutch consumer goods and food group, announced a 10 per cent rise in third-quarter pre-tax profits to £427m. Page 10; Lex, Page 24

Thousands of East Germans use new crossings ● Kohl says 'we belong together'

Troops tear down Berlin Wall

By John Lloyd in East Berlin and Peter Riddell in Washington

EAST GERMAN troops last night atarted to tear down large sections of the Berlin Wall, which has been the most poignant symbol of the division of Europe for 28 years.

The demolition hegan shortly after Chancellor Helmut Kohl of West Germany, had told thousands of cheering Berliners that West and East Germany "are and will remain one nation and we belong together." He had interrupted his visit to Poland to fly to West Berlin on one of the most momentous days in Europe in the post-war era.

Yesterday, tens of thousands of East Germans streamed into hoth West Berlin and West Germany, many of them for the first time in 30 years. East Germany confirmed that it had lifted all travel restrictions indefinitely, to assure its citizens that their new found freedom was permanent.

The West German radio station Sender Fries Berlin said that during the night more than 50,000 East Berliners had crossed into West Berlin and of these only about 1,000 planned to stay. Lines of East Berliners waited at control points to enter West Berlin and border guards were rapidly handing out visas. These were required for those wanting only to visit.

Most were obviously just visiting rather emigrating, exulting in their sudden new freedom to travel to the other side of the wall.

At eight o'clock last night two border guards started dismantling a section of the Wall at Eberswalde Street, which is due to open today as a new crossing point. Later, according to eyewitnesses, an army bulldozer arrived to clear away sections of the 28-year old concrete wall.

Among other new crossings opened yesterday between the two halves of the city is the ooe at Glienicke Bridge, famous as the scene of spy exchanges hetween Eastern and Western states.

Mr Hans Dietrich Genscher, West Germany's Foreign Minister, told huge crowds in West Berlin that 16 new crossings would be created in the Wall. Addressing both East and West Berliners who bad gathered in the West, he said: "Dear fellow citizens, when the hour of freedom sounds in Europe all will say 'The Germans were there'."

The US yesterday lauded East Germany's decision to lift travel restrictions as a first step towards greater freedoms, including open democratic elections, but coupled its welcome with warnings against premature talk about reunification and about changes in relations between Nato and the Warsaw Pact.

President George Bush has ordered US military units in West Germany to give "all possible assistance" to the Bonn Government as it copes with refugees. However, he suggested that East Germans should stay at home to participate in the reforms.

The US is, however, in a rather uncomfortable position. Senior US officials want to guard against both building up excess expectations and alarming the Soviet leadership with provocative statements.

There is epprehension in Washington about the implications for the meeting in three weeks' time between President Bush and the President Mikhail Gorbachev, the Soviet leader. This has been intended as a meeting with no specific agenda or decisions planned but there is now concern that the Soviet Union will seek to introduce far-reaching European security and arms control issue or seek US assistance for its reforms.

As the tumultuous scenes in West Berlin unfolded, the turmoil in the East German Communist leadership continued. The ruling Politburo, which bad been streamlined to 11 members two days ago, lost one more full member, Mr Hans-Joachim Boehme, a hardliner, and also three non-voting members, Mr Johannes Chemnitzer, Ms Inge Lange and Mr Werner Walde.

Mr Boehme, an associate of Mr Erich Honecker, the former East German leader, was sacked on Thursday as party chief in the southern city of Halle.

The Central Committee elected a new Politburo on Wednesday but kept seven of the old team among the 11 full and six candidate members.

In another swipe at those in power, Mr Guenter Wendland, the prosecutor-general, called for a parliamentary investigation of charges of official corruption.

Ms Baerbel Bohley, a cofounder of the New Forum opposition group, said that the sudden opening of East Germany's western borders was a first serious step towards genuine reform but free elections should follow.

Germany, Pages 2 and 3; Marching in the vanguard of history, Page 8; Editorial Comment, Page 8

A West German border guard holding a bunch of flowers greets motorists crossing from the east near Hof, Bavaria

A time for tears and jubilation

By Leslie Colitt, David Goodhart and John Lloyd in Berlin

THE people of East and West Berlin were united yesterday, 28 years and three months after the Berlin Wall was built.

Tens of thousands of East Germans poured into West Berlin on the most joyous and deeply moving day this city could remember.

They stormed West Berlin shortly after midnight on Friday when East Germany abolished the red tape on its new travel regulations and let its people go.

The Communist Government risked losing thousands more citizens. But it also stood a chance of winning over a population which for the first time could go where it wanted - westward.

All day long they emerged by the thousands from the underground and overground stations linking the two sides of the divided city after an historic 12 minute train ride from East Berlin to West Berlin.

Most of them were younger than the wall and many had been in Prague, Budapest and Moscow but never in West Berlin. They blinked in the sunshine and beamed even at the sight of the ugly concrete buildings surrounding the station. Across the wall, half of East Berlin appeared to have taken the day off and tens of thousands queued happily and patiently at the crossing points into the West. Most were just popping over for a few hours to see the place, do some shopping, or see a friend.

One man said he was just going to buy some bananas (in short supply in East Berlin). A couple declared they were going over for a cup of coffee before returning to fetch their son from school.

West Berlin anthorities stopped counting the number of Easterners who thronged the city and ADN, the official East German news ageocy spoke only of "tens of thousands."

Hoge crowds, including many young East Berliners, gathered at a rally organised by the Christian Democratic Party in the evening. Conscious of their new freedom and mindful of Berlin's Social Democratic traditions, the young people from the East joined those from the West to massively boo the West German Chancellor, Mr Helmut Kohl.

Earlier in the day East Berliners stood in long queues to receive the DM100 "welcome present" given to each of them.

The full significance of the travel freedom announcement on the early evening news in East Berlin the previous night seemed to take some time to sink in and it was not until after 8pm that small crowds began to gather on the eastern and western sides of the crossing points.

After some initial confusion it hecame clear that all East Berliners needed was a personal identity card and they could cross for 10 minutes or the rest of their lives. Then the party really got swinging.

With tears, songs and drink ahont 50,000 mainly young East Berliners began pouring in – mainly on foot, hut some with their Trabants – and in the initial confusion several hundred West Berliners came east. Other West Berliners took to their own streets, blocking them completely in the centre of town, where they gathered around Trabants and hugged unknown fellow citizens.

The East Berlin police became friendly and docile –

Continued on Page 24

Moscow opposes German unity

By Quentin Peel in Moscow

THE Soviet Union yesterday delivered a stern warning to West Germany against reopening the debate on reunification, while welcoming the decision by East Berlin to knock down the Berlin Wall.

The two-edged Soviet response, from the Foreign Ministry, made it clear that reunification could not be considered as long as Europe remained in two military blocs.

"Bonn should take into account the fact that policies aimed at redefining borders would oot suit any governmeot in Europe, and would only create mistrust," Mr Genoady Gerasimov, the Soviet spokesman, said.

"Politically, it is oot the time oow to talk about reunification. The two Germanys belong to different military blocs."

His forthright statemeot showed the real Soviet concern at the revival in hopes for reuoification in West Germany. At the same time Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr Gerasimov, made clear the hroad Soviet support for the East German move.

"This was a reasonable and sensible decision," Mr Shevardnadze said. "The new course in East Germany echoes the mood among the people of East Germany. It also corresponds to our own interests."

Mr Gerasimov, in a carefully-worded statement, said the decision to open the horders, including the Berlin Wall, was "a sovereign act of a sovereign republic." He said it was also a measure to stabilise the country's internal situation.

The Soviet authorities have expressed concern that the pace of events in East Germany may cause instability – and have welcomed suggestions that it should be a subject for discussion at the informal summit between Mr George Bush and Mr Mikhail Gorbachev.

Mr Gerasimov said he was not aware of any East German request for economic assistance from Moscow. However, he hoped that the decision to opeo the borders would reduce the mass emigratiou of young East Germans.

"Now that the border is open, I think the number who are crossing will decrease," he said.

Genscher stresses that Europe should not fear the open door

By David Goodhart in Berlin

MR Hans-Dietrich Genscher, the West German Foreign Minister, declared to a noisy 20,000-strong rally in West Berlin: "Forty years of division have not created two nations; there is not a socialist Germany and a capitalist one, only a free and peaceful Germany."

He stressed that no people in Europe should fear the opening of the door between East and West Germany and repeated Germany's renunciation of any claim to Polish territory – which attracted the loudest cheer of the evening from the crowd.

Chancellor Helmut Kohl, who has broken off his visit to Poland to fly to Berlin, was whistled down by left-wing West Berliners in the crowd. He said it was a great day in German history. "We are and will remain one nation, we belong together," he said.

He thanked the Western powers, witb continuing responsibility for West Berlin – the UK, US and France – for their "support and solidarity" and also the Soviet leader, Mr Mikhail Gorbachev, for releasing the spirit of change in Eastern Europe.

Mr Kohl also repeated his call for free trade unions, parties and elections in East Germany, and his offer of substantial support in the event of change. Today he will chair an emergency sitting of the West German Cabinet and then return to Warsaw.

The two main Social Democrat speakers – Mr Willy Brandt, the West Berlin mayor in 1961 when the Wall was built, and Mr Walter Momper, the current mayor – were far more cautious about reunification.

Mr Brandt said nobody knew how two free Germanys would decide on the qnestion of unity. He also suggested that a piece of tha Wall should remain standing forever as a memorial to inhumanity. Mr Momper said the Germans were yesterday the happiest people in the world.

At the end of the rally the German national anthem was sung hy most of the platform speakers and part of the crowd, with the other part raising the volume of their hostile whistles.

The number of people actually leaving East Germany fell yesterday hnt politicians in West Germany continued to concentrate on how to deal with the recent inflow. Mr Wolfgang Schauble, the Interior Minister, said more temporary places were still urgently sought.

Mrs Dorothy Wilms, the Minister of Inner German Relations, welcomed the opening of the borders but said West Germans were still not free to travel into East Germany and also said travel freedom was no substitute for inner reform.

Mrs Ingrid Stahmer, the West Berlin Minister for Social Services, said she welcomed the visitors from East Berlin and announced that they could pick up their visit money of DM100M provided by the Federal Governmeot from most retail banking ootlets.

Events in Berlin encourage new perspective, Page 15

Bulgaria's hardline leader quits

By Judy Dempsey in Vienna

BULGARIA'S party leader stepped down from power yesterday during a hastily convened central committee plenum.

It is unclear if Mr Todor Zhivkov, leader for 35 years and Eastern Europe's longest serving communist chief, was "persuaded to go" hy the Soviet Union.

Mr Mikhail Gorbachev, the Soviet leader, has insisted that each country pursue reforms in its own way, but it is widely helieved that Moscow was unhappy with a number of decisions made hy Mr Zhivkov, 78, and his old allies in the ruling politburo.

BTA, the state-cootrolled news agency gave no reasons for the resignation, announcing only that Mr Petar Mladenov, the 53-year-old Foreign Minister, will succeed him.

Given Mr Mladenov's poor health, however, it is widely expected that he will oot hold the post for long. The polit-

Continued on Page 24

MARKETS

STERLING
New York lunchtime:
$1.576
London:
$1.5755 (1.5865)
DM2.9375 (2.9325)
FFr9.955 (9.9425)
SFr2.5625 (2.5725)
Y226 (225.50)
£ index 89.0 (same)

GOLD
New York: Comex Dec
$388.6 (389)
London:
$385.25 (387.25)

N SEA OIL (Argus)
Brent 15-day Dec
$19.125 (+0.10)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.8665
FFr6.3235
SFr1.6425
Y143.445
London:
DM1.863 (1.848)
FFr6.315 (6.2675)
SFr1.6375 (1.621)
Y143.35 (142.80)
$ index 69.9 (69.6)
Tokyo close: Y142.75

US LUNCHTIME RATES
Fed Funds $8\frac{7}{16}$%
3-mo Treasury Bills:
yield: 7.871%
Long Bond:
$102\frac{1}{2}$
yield: 7.898%

STOCK INDICES
FT-SE 100:
2,216.7 (+15.0)
FT Ordinary:
1,773.0 (+8.7)
FT-A All-Share:
1,114.66 (+0.5%)
New York lunchtime:
DJ Ind. Av.
2,619.47 (+15.78)
S&P Comp
338.17 (+1.6)
Tokyo: Nikkei
35,663.20 (+5.78)

LONDON MONEY
3-month interbank:
closing $15\frac{1}{32}$% (15)
Life long gilt future:
Dec $92\frac{5}{32}$ ($92\frac{7}{16}$)

SELLING PRICE IN IRELAND 60p, IN MALTA 40c

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WeekendFT

THATCHERISM AND LAWSON'S LEGACY

They parted in bitterness. But after 15 years of close collaboration, the judgment of history will weigh Nigel Lawson's reputation in the balance of Thatcherite reform,

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GERMANY

● THE FUTURE OF EASTERN EUROPE

A rush of events whose sequels are not yet clear

From proletarian orthodoxy to bourgeoisification in a month — but where will reform lead next? **John Lloyd** speculates

THE dramatically different outcomes of crises are often separated, at some stage in their preparation, by a very thin line.

There is a well-founded rumour here, repeated on the streets and spoken of by West Germans with high East German Communist contacts, that during the last days of Erich Honecker's rule last month, the leadership gave serious consideration to a "Tiananmen Square" solution: the savage clearing of the streets once Mikhail Gorbachev had finished his visit.

The army commanders were alerted: the hospitals cleared. But, so the rumour has it, the *Soviet* military commander objected – and with nearly 400,000 troops at his disposal, that was some objection.

You can imagine how these scenes would have looked on the screens of the global village. Instead, we have had other scenes: of tearful reunions at Checkpoint Charlie; of grinning East Germans in their Trabants (cruelly exposed by all of this publicity as the worst cars in the world); of easterners clambering up the wall by the Brandenburg Gate for a night out in the West, and their kith and kin abseiling down for a few hours in the East.

At 3am yesterday I stood on that forbidden part of the earth – the semi-circle between the gate and the wall, where to stand only days ago was to invite certain target practice – and watched the young West Germans packed on the wall-top ululating down: heard a man below the wall named Gert Teiler say, with a broad grin, to a police captain, "At last I can see my Brandenburg from this side."

The border is down: at least for now. The fevered manoeuvrings of the East German leadership, which has for the past week dropped world-historical changes casually into the maw of the press every evening, are still ambiguous. But at least formally, it is now on a reformist path, beaten along it by an aroused civil society. Another – perhaps the greatest – crack has opened up in a bloc which is hardly any longer that.

If the new path continues to be trod, then East Germany will join Poland, Hungary, Yugoslavia and the Soviet Union on their different rocky roads out of totalitarianism. And following, hotfoot it appears, will be Bulgaria, now that Todor Zhivkov, Eastern Europe's longest-serving hardline leader, has gone.

Indeed, if it now embraces political pluralism, as on an optimistic reading its leadership has, East Germany will join Poland and Hungary in putting pressure on the Soviets to take the step Mr Gorbachev has so far refused to countenance – that which ends the party's leading role, and ushers in a multi-party state. What a transformation *that* is for Berlin, from drag-anchor of proletarian orthodoxy to the bourgeoisification via the Brandenburg Gate. In a month!

This leaves, now terribly exposed, the socialist republic of Czechoslovakia: still run by men who did well out of the Soviet invasion of 1968, and who cannot bear the light of reform to shine upon them – yet swept with rumours too (in the West German Bild am Sonntag) that the Czech party leader Milos Jakes could soon be replaced by the Prague party leader Miroslav Stepan, said to be a reformist.

Its streets have not yet been flooded with the masses, as have those of Dresden, Leipzig and East Berlin: the demonstrations in Prague have been swiftly put down. But will it in short order prove to be a domino, and fall before the tumbling over of East Germany – which was, after all, just as tightly run, just as comfortably off, as Czechoslovakia is?

This rush of events can carry all before it in a jumble of images and statements, pious and heartfelt. Behind them, though, is a mass of business not merely unfinished but rather only just begun. Reform, it is worth reflecting, has no firm constitutional base anywhere in Eastern Europe. Indeed, the images of the dancing youths on the wall express not just freedom but fragility – the fragility of a process rushed into whose consequences are not clear.

They are not clear here in East Germany, for sure, being drowned rather than given clear expression by the torrent of ambiguities which has poured out from the East German leadership this week. They are not clear in Poland, where a constitution still has to be cemented into place and a party system developed – all on top of a gathering and fearful economic crisis. They are not clear in Hungary, which also waits for a constitution and for a popularly elected government.

They are certainly not clear in Yugoslavia, where one party still claims to rule with enough force left to accuse enemies of "counter-revolution" but without enough to gather the country for an assault on inflation and unemployment. And they are murkiest of all in the Soviet Union, where Mikhail Gorbachev is more than any other figure due thanks for casting off an empire, but is unable to find equilibrium at home, and may have to wait for gratitude from history, rather than his own people.

Under it all, the economic foundations which determine all else, as Karl Marx insisted, are creaking like buckling pit props – and no one knows what to do about it. The veteran West German scholar of eastern Europe, Peter Knirsch, has pointed out recently in seminars in Hungary and conversations in East Germany that there is no "third way" between a plan and the market: and that, though all market economies have greater or smaller elements of planning, a giant step must be taken out of *total* planning before a new balance can be struck.

But, he says, "No one has been trained to do it; no one knows what it will look like; the economists usually have vested interests to protect; and the West's help, so far offered, is marginal."

We thus see in Eastern Europe deficits much more dangerous than the budget ones with which most are saddled. There is a deficit of political stability, a deficit of economic security, a deficit of financial and commercial knowledge, perhaps even a deficit of governing will.

All of these states, after all, are or have just been "workers' states", and that cannot be dismissed. It has meant that the working class has been privileged in some things: in ideology of course, not always a negligible thing to them; in wages compared to doctors, researchers and teachers; and in jobs which, if stultifying, were easy because no one cracked the whip.

The new powers, or the old powers with new programmes, must if they take up "the market" dismantle the complex formal and informal networks which bound the workers to the system and which gave them – the older ones who can all over Eastern Europe remember chaos and starvation are grateful still for this – some security and a certain kind of freedom.

The paucity of middle-aged and elderly participants in the Festival of the Breaching of the Wall exists not only because the young are careless of their sleep and their safety. "I don't know what's going on, it's unbelievable," said a solitary elderly man, interviewed early yesterday morning by a frantic West German TV reporter.

The reporter treated it as yet another cry of joy, the theme to which his programme (running all day under the title "Open Border") was dedicated. But the old man wasn't looking joyful: he looked puzzled, one might almost say lost.

The Berlin Wall is a little over 28 years old. It had come to be seen as a fixture: as the division of the Germanys, with the reunification alternative not to be spoken of in polite society. Now, convulsively and raucously, it seems to be down in all but structure: it brings freedom, which cannot fail to move us: but it brings with it freedom's terrifying responsibilities and risks, which now press down on "East" and "West", demanding we rise to them.

● WORLD REACTION

Concern or silence from allies

FOR some countries with close ties to the Soviet bloc, yesterday's events were not a matter for celebration, but for concern.

Poland said that Europe needed guarantees that a reunified, powerful new state of Germany would not threaten the continent's security.

A government spokeswoman said Poland was "very happy" that East Germany had opened its borders and Warsaw recognised that all nations, including the Germans, had a right to determine their own fate. But she listed conditions for unity, including the agreement of the post-Second World War occupying powers in the Germanys – the US, Britain, France and the Soviet Union – and the permanence of the Oder-Neisse frontier between East Germany and Poland.

There was no immediate comment from China, which hitherto has been steadfast in its solidarity with the besieged East German leadership.

The Nicaraguan government, which has close political, economic and military ties with East Germany, has reacted cautiously to the changes taking place.

A new trade and economic co-operation agreement between the two countries was being signed in Managua this week just as the government in East Berlin resigned en masse.

According to the East German ambassador to Nicaragua, however, bilateral relations will not be affected and East German economic aid will continue.

In Cuba, one of the last unreformed countries within the Soviet bloc, newspapers reported the events in East Germany without comment, giving more prominence to the Women's Volleyball World Cup matches.

In comments earlier this week, Fidel Castro, Cuba's president, said: "We are witnessing sad things in other socialist countries, very sad things.... We are astonished at the phenomenon that we see... I think this is the moment to speak... what incredible things!"

● A GLIMPSE OF THE WEST

Sightseers who were going home to fight for change

By Andrew Fisher in Herleshausen

EAST GERMANS streamed across the border with the West yesterday, using their new-found freedom to see for themselves just what life in the capitalist half of the divided country was like.

At Herleshausen, in the centre of Germany, the motorway from the East was crowded with cars stretching back for several kilometres. West German police said that up to 200 cars were crossing an hour, mostly for brief stays before returning home.

"It's a funny feeling," said Mr Udo Hinz, 31, as he sat at the wheel of his 30-year old rusting black-and-orange Wartburg vehicle. "It's a bit overpowering, when you see what they've got in the shops there."

Like others waiting to go back at this autobahn crossing, not far from Eisenach, in East Germany, Udo was glad that the opportunity to travel to the West just by showing an identity card was now there.

But things would have to change in his own country. "People are not keeping quiet any more. The stone has started rolling. Things can't just fall back as they were, with all the problems being covered up and glossed over."

Udo works as an agricultural engineer in an 80-man company. He earns upwards of 1,000 East German Marks a month, depending on the season and overtime. "What you can buy in the shops is very limited," he said of conditions in East Germany. "You have to queue up all the time, especially for meat."

He had brought back some bananas, which are not always available in Eisenach, for his children.

Also impressed with his brief visit to the West was Mr Thomas Körner, 34, a textile worker. "I wanted to see if it was true what people said about life over here. The friendliness of the people and the cleanliness of the place was overpowering."

But having seen the nearby town of Bad Hersfeld, in West Germany, he had no illusions about staying. "We have to fight, we can't just run away.

"The most important thing is free elections," he said, in response to the suddenly rapid pace of political change in East Berlin. "More parties should be allowed a real chance of power and not just the SED (Socialist Unity Party)."

He now saw hope that things would change. With free elections, Mr Egon Krenz – widely seen in East Germany as a representative of the old regime – would no longer be number one politically. He also puts faith in Mr Hans Modrow, the new Prime Minister.

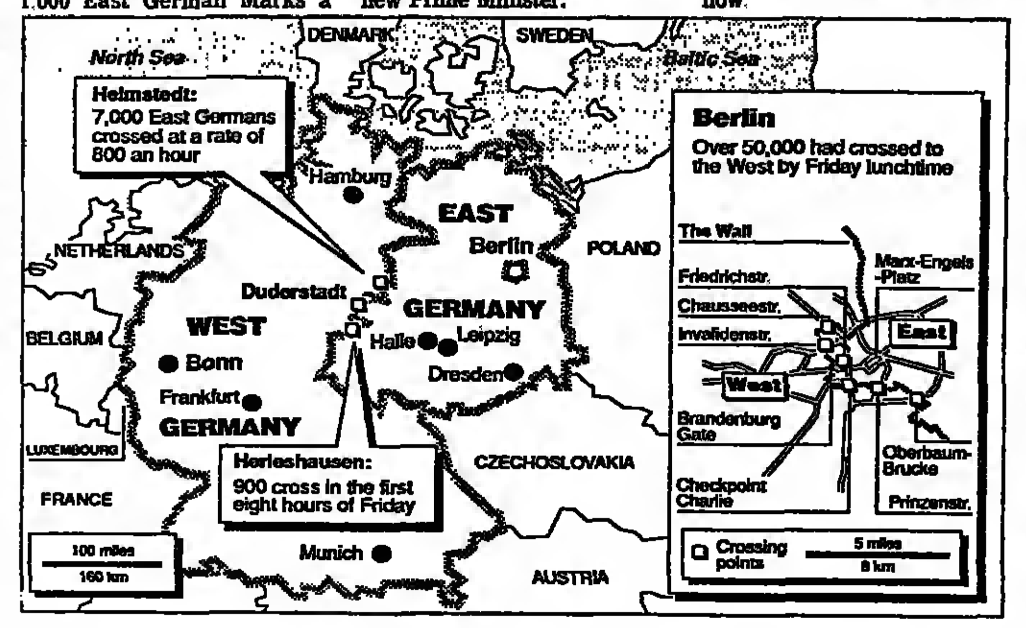
Economically, too, huge improvements were needed. "My company has 300 employees. It needs to be run by proper experienced managers, not just by people in good standing with the party. Conditions are bad and we can't always get good material."

For people like Udo and Thomas, change will have to come fairly quickly, if their faith in East Germany is to be confirmed. Both hoped visible improvements would occur in a few years.

For Brigitte and Manfred Glock, both in their fifties, this first-ever visit to West Germany, where they have no relatives, was an event. But changes would have to come back home. "It's good that the border has been opened but we still want free elections and more things to buy," said Brigitte.

On the motorway coming back into the West, there was a long line of vehicles. Most drivers said they only wanted to look at the West Germany they had read and heard so much about.

"It's tempting to stay, but we can't just leave everything behind," said Mr Peter Fiege, 29, a lorry driver, over for the day with his wife and three children. "It looks like a real revolution is taking place now."



August 15 1961: Conrad Schumann becomes the first East German border guard to escape across the Berlin Wall

● THE MEANING OF THE WALL

An end to the misery after 28 years

Leslie Colitt, one of the longest-serving foreign correspondents in Berlin, remembers the feeling of finality when the Wall was built

STANDING at Bornholmer Strasse checkpoint yesterday at 1.30am, watching thousands of East Berliners surge toward West Berlin in cars and on foot, was like seeing a 28-year-old film run backwards.

I stood here shortly after the first rolls of barbed wire were strung out across the street by factory militiamen on the morning of August 13 1961. Only months later did the Wall begin to rise. But it was clear that the final and total division of Germany had taken place – so I thought.

The city then was wracked by personal tragedies which Berliners accepted as the price Germany still had to pay for Adolf Hitler. But most East Berliners dutifully turned up for work early the next morning.

One of the thousands of Easterners who had spent August 12, a Saturday, in West Berlin was a relation of mine. The city was politically divided but physically still one. She was with her West Berlin husband, waiting for their new flat in the West to be finished before she resettled.

When they heard the radio report that East Germans henceforth would get "appropriate documents" to visit the West, she trustingly went back to East Berlin on August 13. Along with thousands of others she did not get out again until years later.

Yesterday, the sons and daughters of our generation came rushing toward me at Bornholmer Strasse. But they reacted differently from their parents to the first official word on Thursday from the East German government, couched in convoluted Prussian bureaucratese, that travel would be allowed to the West after submitting the necessary forms.

They simply walked toward the border and lo and behold it was open, 28 years and three months after it had been closed for their parents.

When pass offices in police stations opened in the morning, East Berliners were still told that their applications to "travel" to West Berlin – 12 minutes away by underground – would take eight days to process. They protested and, after a few phone calls to police headquarters, were told they could simply cross over.

An entire ideological system built on regimentation had collapsed, 40 years after it was erected on the ruins of East Germany. Up to 10,000 East Germans a day fled from it in the weeks before the Wall was built. Those who remained behind were adaptable and submissive. Many co-operated with the authorities. The GDR promised them it would provide what Germans had always sought: stability, security and Heimat – their native land. But West Germany was excluded from this Heimat.

The human misery and misguided energies of the last 28 years could have been avoided. The late Walter Ulbricht, instead of building a Wall (construction supervised by the recently deposed Mr Erich Honecker), might have launched sweeping reforms which would quickly have taken root in East Germany.

But both men feared the "third, German path" to socialism of the democratic variety. It was heresy to them and to the dogmatic Communists in power in Moscow. Not until Mr Mikhail Gorbachev stepped onto the scene was change possible but by then it was too late for East Germany.

"We missed the boat 30 years ago," a 50-year-old East Berliner, Mr Siegfried Delchsel, said yesterday while visiting West Berlin. His father was a party "comrade" of the old school, who regarded Mr Egon Krenz, the new leader, as a renegade.

The son was standing near a West Berlin queue of thousands of fellow East Berliners waiting to collect their DM100 "welcome money" courtesy of the Bonn government. He and the easterners in the queue were aware of the moral and economic morass their leadership had left them in.

"We work just as hard as people here and have to take their hand-outs," a young East Berlin machine toolmaker said waiting for his money.

Most of the East Berliners who thronged West Berlin yesterday were setting foot in it for the first time. In their enthusiasm few realised that an entire epoch had ended. The contours of the new era were fast taking shape at Bahnhof Zoo and Kurfürstendamm, where East and West Berliners mingled as one.

This mangled and fractured city of Berlin was rejoined and reborn yesterday. West Berlin could no longer remain the West's most highly-subsidised symbol and an economic backwater of West Germany. Nor could East Berlin merely remain the capital of a politically and economically mutilated system. Inevitably, the two halves were destined to draw ever-closer in coming years, pulling the two Germanys together with them.

● MILITARY ALLIANCES

Nato ponders an 'earthquake'

By David White, Defence Correspondent

"THE GEOPOLITICAL equivalent of an earthquake," was how Mr François Heisbourg, director of the International Institute for Strategic Studies, yesterday described the fast-moving events in East Germany.

The opening of frontier crossings to East Germans, and increasing speculation about the future of the border itself, raise a series of brain-teasing questions for Nato allies, whose own front line the German divide represents.

As the idea of German reunification becomes daily less implausible, Western military thinkers are still unable to fathom the implications for both the Warsaw Pact and their own alliance.

"We have all been sitting on a San Andreas Fault for 40 years [since Nato's foundation]," Mr Heisbourg said. "We always knew it was going to move but we did not know when, at what point or at what intensity."

The central front in Germany, on either side of which the two alliances have massive concentrations of forces, is the heart of Nato military strategy.

West Germany has 494,000 of its own troops and some 400,000 allied troops on its soil. East Germany, before reductions, had 173,000 of its own and 380,000 Soviet troops, in an area less than half the size of its Western neighbour. Current Soviet withdrawal plans, which include four out of 11 tank divisions, will however be stepped up considerably if the Vienna conventional arms reduction talks succeed.

Nato top brass stick to a cautious line about changes to the East.

"Crumbling empires always tend to be dangerous," a high-ranking British officer warned.

Mr Heisbourg said that in spite of the momentous change, Nato was "pretty earthquake-proof".

In the so-called Harmel report, a fundamental Nato policy statement drawn up in 1967 and setting out the twin goals of military strength and the pursuit of détente, one of the prime declared aims was "to overcome the division of Germany".

Although this position has up to now been treated as little more than rhetoric, the policy states that "no final and stable settlement in Europe is possible without a solution of the German question which lies at the heart of present tensions in Europe".

Mr Heisbourg said that the dilemma was much more complex for Moscow. Could the Soviet Union now stand physically in the way of what the East Germans might choose to do?

He saw Nato resting on firmer ground than the Warsaw Pact, with a more intricate set of institutions and clear mutual interests. There would be a continuing need for it as a framework for security relations between the US and an increasingly integrated Europe.

West German officials pointed out that, despite the lure of reunification, opinion polls in the country continued to show overwhelming support for the Nato alliance.

However, Western analysts recognise see Nato facing a difficult period of adaptation, with a sharp reduction of emphasis on its military side. This has already begun with planning for a Vienna arms agreement. The Nato summit in May, although dominated by an internal nuclear policy row, endorsed a document moving it significantly further into areas of East-West co-operation.

At the same time, President George Bush's proposal of a 10 per cent US troop cut in Europe, pegged to Soviet willingness to reduce forces stationed in Eastern Europe, set the stage for further reductions.

However, Mr Heisbourg predicted that some foreign forces would remain in the Germanys as the two countries worked towards some form of confederation.

● ECONOMIC EFFECTS

Pool of manpower is drying up

By Leslie Colitt

MANY OF the tens of thousands of young East Berliners and East Germans who jammed the streets of West Berlin yesterday simply took off from work for a day.

But their state employers had no way of knowing for certain whether they would return to work on Monday. They feared they were lost for East Germany, like the more than 200,000 citizens who have left thus far this year.

Most of the visitors to West Berlin, though, simply took off from work for a day to discover the West. Their factories and offices will be grateful, as high absenteeism is one of East Germany's least pressing problems these days.

From the largest factories, employing tens of thousands of workers, to the missing private baker down the street, the East German economy has been hit by an exodus not seen since before the Wall was built in August 1961. Employees in one department of East Berlin's electricity works said 12 out of 40 workers had fled to the West in recent weeks.

An East Berlin construction engineer said his state company had lost 500 workers to the West this year.

Most of the people who have left are between 20 and 40, the state's most productive workers. The departure statistics are to be compared with nearly 5m East Germans in this age bracket and not the total population of 16.6m. Worse, the number of East Germans under 25 is shrinking, thanks to the birth control pill. Even fewer young people will enter the labour force in the future.

From East Berlin's Unter den Linden boulevard to Kirchplatz in the Saxon town of Dippoldiswalde in Saxony, shop doors are bolted early or never open because of "illness", which more often than not masks a lack of staff due to the exodus.

Everywhere, older East German workers complain that they have to do the work of two and three people now in the West, but for the same pay. Without its remarkably loyal and disciplined older generation, East Germany would be in far worse condition.

More than 1,100 doctors and nurses in East Berlin left for the West. But that was last week's statistic. Even unemployment benefits in West Germany bring them more than they would earn in the East. Wages of nurses and other medical personnel are to be raised, but the increase is too little and comes too late.

In Leipzig, which has been especially hard hit by the exodus, soldiers are being used as tram, bus and ambulance drivers and are delivering supplies to state food stores. Third-year medical students are put to work in hospitals and students of the Retail Trade School are filling in for shop assistants who departed for the West. Desk workers in state offices are manning the breach.

In Karl-Marx-Stadt, 40 Vietnamese *Gastarbeiter* are being readied for work in meat processing plants. They are among the nearly 90,000 foreign workers employed in East Germany. The East German news agency ADN said many young Poles had applied to work in East Germany and were being considered.

The huge gaps left in manpower are being discussed in the official media but nothing is said about the untapped reserves. Nearly half a million people work in administration for the East German Communist Party, the state trade union FDGB, the FDJ Communist Youth Organisation and the State Security Service, not to speak of the border troops and the regular army.

Many East Germans note bitterly that the country is not suffering so much from a labour shortage as it is from an unproductive corps of pencil-pushers and superfluous internal and external security troops.

FINANCIAL TIMES
Published by the Financial Times (Europe) Ltd., Frankfurt Branch, (Guiollettstrasse 54, 6000 Frankfurt-am-Main 1: Telephone 069-75980; Telex 416193) represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.
Financial Times (Scandinavia) Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

GERMANY

● THE SOVIET UNION

Kremlin agog at pace of change

By Quentin Peel in Moscow

THE most remarkable thing about the Soviet reaction to the upheaval in East Germany is the brave face they are putting on it. The doubts are well buried, but they still exist.

To be sure, they have been playing down the sheer scale of the events, the numbers of emigrants, and the size of the continuing demonstrations. There has been faithful reporting of the decimation of the Communist Party leadership, bnt a casual Soviet observer might be a bit baffled as to why there should be quite such political turmoil, because he has been left in the dark about the scale of civil unrest.

On the other hand, the Soviet leadership has clearly not been taken aback by the direction of the changes, but only hy the sheer pace at which they have happened.

Mr Mikhail Gorhachav undoubtedly did conspire, by one subtle means or another, to ease Mr Erich Honecker out of the East German leadership, in spite of all his protestations that decisions about East Germany must be taken in East Berlin. Wnen he dropped in for the 40th anniversary celebrations in October, he left no doubt at all about his belief in the need for far more radical reform of the system.

Mr Honecker had become a serious irritant to the Soviet leadership, as an articulate exponent of reactionary communism, from the basis of an economic performance far more impressive than the Soviet Union's own muddled efforts. His relative success represented an uncomfortable model for the Soviet leader's opponents in Moscow.

Now, however, Mr Gorbachev must live with Mr Egon Krenz, although he may not find him an instinctive reformer. "They have to make the best of him, because he is the only Communist Party leader they are left with," according to a Western diplomat in Moscow.

That is why the Soviet leader has made so much of ringing up his new East German counterpart within hours of his appointment, and giving him a big reception in Moscow within two weeks of it.

Mr Gennady Gerasimov, the Soviet spokesman, made no hones abont it yesterday. "Comrade Krenz raised relations (between the GDR and the USSR) to a new level," he said. "We completely endorse this statement hy Comrade Krenz.

"Such a statement could not have been made some time ago. At that time, many leaders of the GDR adopted a hesitating and negative stand..."

The desirability of radical change in the East German leadership has therefore been accepted in Moscow for some time. Again, the change has to have a brave face put upon it. "It is not socialism that is in agony, but its totalitarian, Stalinist model," says Mr Yevgeny Ambartsumov, a leading political commentator.

The Soviet leadership has also accepted another inevitahle consequence of its own policies: that the disarmament process in Europe must and should lead to the dismantling of the Iron Curtain, in all its forms, across the European divide. Thus Mr Gorbachev knew the Berlin Wall would have to go. It had become nothing more than an embarrassing symbol of Socialist incompetence.

Yet he could not say so as long as Mr Erich Honecker was around. Nor could he say so until a successor was ready to move. And nor, it would seem certain, was he really ready for it to happen just yet. Events have overtaken the theorists and analysts.

Now the greatest Soviet concern is to keep the whole process within manageable limits. Reunification talk, the spokesmen say, is dangerously unrealistic as long as the European divide, both military and ideological, still exists.

The direct, geographical threat to Soviet security is being played down, although not entirely. It cannot be dismissed, as long as the GDR is the base for more than 300,000 Soviet troops.

"Of course, the geopolitical interests and the influence of the Soviet Union remain an objective factor," Mr Ambartsumov argues, after praising the hroader process of East European change as the "radical renovation of socialism". "One may count on a gradual dismantling of the (Warsaw) military alliance, but without question, only given a similar evolution in Nato.

"While not refusing to discuss the question of a possible 'neutralisation' of one or other East European country, I would say there is no reason to speed up a change in their allied status."

The line is clear: there is no point in talking about reunification until Nato and the Warsaw Pact are dismantled.

"Bonn should take into account the fact that policies aimed at reconsidering borders would not suit any government in Europe, and would only cause mistrust," Mr Gerasimov said, in a hlunter message.

Reopening the East German borders was a "wise decision", he said. It would defuse tension, and was aimed at creating more, not less, stability.

● THE UNITED STATES

Growing fear of summit surprises

By Peter Riddell, US Editor, in Washington

THE fulfilment of US hopes, and demands, about the opening of East Germany's borders has left the Bush administration uncertain and apprehensive ahead of the president's meeting in three weeks with President Mikhail Gorhachev, the Soviet leader.

Mr Bush's initial reaction on Thursday afternoon was almost painfully cautious. His welcome was restrained, talking of the fulfilment of the terms of the Helsinki Accords and warning against premature talk about reunification. He said, characteristically, that he was "just not an emotional kind of guy."

George Bush: cautious

By yesterday – after pictures from the Berlin Wall had dominated US television screens – the administration souoded more excited. Mr James Baker, Secretary of State, described the opening of the border as "the most drmatic event in East-West relations since tne end of the war."

Yet Mr Busb's initial cautious reaction – given just after a hriefing by his national security advisers – reflects the administration's considerable worries about what is happening in central Europe. Events are not only moving more rapidly than anyone predicted – and way beyond the control or influence of the Soviet Union, let alone the US – but they are also raising difficult questions about the future security structure of Europe.

They alter the whole context of what Mr Bush had hoped would he a "feet up, no agenda" discussion with Mr Gorbachev. Now the agenda is very clear.

The US policy this year has heen of strong support for internal reform in Eastern Europe, based on self-determination, and a plea for the Soviet Union not to interfere.

But for US officials there have been two clear limits to change – first, Eastern European countries must remain in the Warsaw Pact, and, second, the Soviet Union should not be challenged over its own affairs. Onc suhject never discussed during Mr Bush's talks with Polish and Hungarian leaders in mid-July was the presence of Soviet troops.

Hence, the president's puhlic statements have been low-key to avoid sounding provocative to Moscow. His message is that internal reform in Eastern Europe need not nndermine Soviet security interests: in short, Nato has no wish to disrupt the Warsaw Pact.

But now several outside advisers have argued that the US has to accelerate talks on a new European security structure. Mr Zbigniew Brzezinski, President Carter's national security adviser, said yesterday: "We need to speak to Gorbachev about the future shape of Europe, the East-West relationship." Mr William Hyland, the normally cautious editor of Foreign Affairs, said Nato and the EC might well dissolve if Germany was unified.

All this leads to considerable apprehension about what might happen at the deliberately unstructured Malta summit. What surprises migbt Mr Gorbachev spring? Might he argue that, since he had permitted previously unimaginable internal reform in Eastern Europe and effective dismantling of the Berlin Wall, what was the US now going to do to help him? Might he also seek to expand the scope of the existing conventional arms talks in Vienna – to go so far as to challenge the rationale for Nato and the Warsaw Pact? In short, might he seek to outmanoeuvre Mr Bush?

President Bush himself has naturally expressed confidence that his position has heen strengthened. And yesterday Mr Baker was careful to argue that the suggestion that the two leaders would get together and decide the future of Eastern Europe is erroneous.

There is the further political prohlem for Mr Bush that much of the political running on these issues is now being taken hy European leaders.

As Mr Robert Hunter, a leading East-West specialist at the Centre for Strategic and International Stodies, has said, "the American president cannot speak for all the countries of the alliance. . . Frankly, I would just as soon this summit didn't take place now, at least until after we could have all the allies together with the president for a very thorough chin-wag about what we do now."

The meeting is likely to go ahead, but, as President Bush has said, one person he wants to talk to as soon as possible is Chancellor Helmut Kohl.

● THE WESTERN ALLIES

Fast-moving events dominate meetings

By Robert Mauthner, Diplomatic Correspondent

THE dizzy pace of events in East Germany has taken the Western allies by surprise, hnt it is certain that those developments and their likely effect on Nato and the European Community will figure prominently at a series of top level international meetings over the next few weeks.

The first of these will be the hilateral US-Soviet summit hetween Presidents George Bush and Mikhail Gorbachev on board a ship off Malta at the beginning of December, to be followed a week later by the European summit in Strasbourg and, a week after that, hy a Nato Foreign Ministers' meeting in Brussels.

Mr Douglas Hurd, the British Foreign Secretary, said yesterday that what was happening in Eastern Europe, and East Germany in particular, was partly due to the cohesion of Nato and the fact that West Germany was firmly anchored in the Western alliance.

The immediate question was whether the authorities of the German Democratic Republic would allow free elections and more democracy, which might stop the flow of people out of the country. "No-one at the moment is asking for the reunification of Germany. That is not what the crowds in Leipzig and other places are demonstrating for."

Mr Hurd conceded, however, that in the longer term, the problem of reunification would probably have to be tackled, together with the whole relationship between the EC and Eastern Europe. "We have always said that this is hasically a matter for the German people; it is basically a matter for self-determination. . . Our stand on the principle of unification is favourable. We would welcome unification based on free institutions such as those which axist in the Federal Republic of Germany. There is no going back on that principle."

The Foreign Secretary did not foresee talks between the Western allies and the Soviet Union about the future of Germany for the moment. But it was clearly a subject that was likely to come up in the forthcoming discussions between Messrs Bush and Gorbachev.

If the German people as a whole were evar to decide freely on the unification of their countries, discussions between the Western allies and the Soviet Union would become necessary, British officials said.

Under the Potsdam agreement of August 1945 between the Second World War victors (the US, the Soviet Union, Britain and France), Germany was divided into four occupation zones. Bnt these were always intended to be a temporary expedient, to be terminated by a formal peace treaty.

Such a peace treaty has not been signed to this day. Tensions between the Soviet Union and the Western allies eventually caused an open breach and led the Soviet Union in 1948 to withdraw first from the German Control Council and subsequently tha Berlin Allied Kommandatura, ending for all practical purposes the period of four-power co-operation in Germany.

In spite of the Cold War, Berlin's special four-power status remains legally unaltered.

● FRANCE

Diplomatic caution on issue of reunification

By Ian Davidson and William Dawkins in Paris

THE FRENCH Government yesterday warmly welcomed the opening of East Germany's borders, hut adopted a carefully diplomatic posture over possible moves towards eventual German reunification.

Mr Michel Rocard, the Prime Minister, described the border opening as a "gigantic event" and "a carrier of peace." Mr Roland Dumas, the Foreign Minister, said: "We must rejoice for the German people and congratulate the anthorities for having understood the necessity." He judged the decision would lead to "rapid progress towards democratisation."

Both ministers were careful to adopt a serene attitude towards possihle German reunification, while avoiding any excessive enthusiasm for the idea. A recent opinion poll showed a majority of the French people in favour of German reunification. Yet the history of three wars between France and Germany has left deep French anxieties over Germany's possible ambitions, despite 25 years of intense official efforts to bring about Franco-German reconciliation.

Official optimism over the latest events in East Germany is qualified by the parallel conviction that the central Western response to the changes in Eastern Europe must be faster progress towards Western European integration. The earliest priority here is the issue of economic and monetary union in the European Community, which will be top of the agenda at next month's European summit in Strasbourg, to be chaired hy Mr François Mitterrand, the French President.

In the words of a senior Elysée official: "Whatever the turn of events in Eastern Europe, our response is the same: we need more Europe." The Elysée firmly rejects fears of some French intellectuals that West Germany is in danger of sliding away to the East in pursuit of a heightened Ostpolitik. But it argues that West Germany and Western Europe will be much better placed to respond to events in the Soviet Union and Eastern Europe in the context of a more closely integrated European Community.

Mr Rocard was careful to avoid any adverse judgment on the principle of reunification. "As long as the German people is uneasy with itself, security cannot reign in Europe. Not only have we nothing to fear, but peace and security in Europe require the German people to rediscover its history and its destiny, in the friendship and confidence of all its neighbours, including us."

● The Paris government yesterday offered to make available its facilities in West Germany to help receive the expected influx of refugees. Mr Jean-Pierre Chevènement, the Defence Minister, ordered the commander of French forces based there to set up a "crisis unit" at their headquarters at Baden-Baden, near the Franco-German border.

OVERSEAS NEWS

Brazil switches off TV star's poll bid

By Ivo Dawnay in Rio de Janeiro

MR Silvio Santos, the Brazilian television impresario, has lost his last-minute bid to stand as a candidate for the presidency in elections beginning next week.

In a unanimous ruling late on Thursday, the seven justices of the Supreme Electoral Tribunal disqualified his campaign, to the considerable relief of rival candidates.

Mr Santos, a hugely popular personality known across the country, had brought chaos and controversy to the six-month-long electoral race when he declared his decision to run just two weeks before polling in the first round of the two-stage contest.

The variety show host and owner of the SBT television network declared baldly that he had no policies nor programme, but that he had confidence his fans would trust him to govern the country with a broadly-based ministerial team. Opinion polls showed that, if approved, his candidature could take millions of votes from the front-runners and could even win him the presidency in the first free poll for the office in 29 years.

At the very least, Mr Santos's late intervention might have profoundly altered the outcome of the first round of balloting next Wednesday from which the two leaders will go forward for a run-off scheduled on December 17.

The electoral tribunal's adjudication declared the showman ineligible on the grounds that his party – the Municipalists (PMB) – had failed to complete the correct registration procedures and must be dissolved as an official political entity.

The court also ruled that even had the PMB been deemed legitimate, Mr Santos had violated electoral laws requiring that he take leave of the management of his TV channel at least three months before polling began. Lawyers for the PMB yesterday declared that they were considering a last minute appeal to the Supreme Court to overrule the electoral tribunal's decision.

However, this is thought highly unlikely to be accepted.

The affair has been widely criticised as making a laughing stock of Brazil. Among those said to have been damaged are a number of parties, including the country's second largest, the Liberal Front, which had sought to use Mr Santos's popularity to boost their fortunes. His exit will remove a rich seam of amusement from a lacklustre campaign.

Spain steps up death squad probe

By Tom Burns in Madrid

EVIDENCE pointing to possible involvement of senior Spanish officials in a death squad that killed 28 members of the Basque separatist organisation Eta has come to light as a judicial inquiry into the ramifications of the so-called Gal counter-terrorist group enters its final stages.

The Madrid newspaper Diario 16, whose investigative reports into Gal led to the indictment 18 months ago of police deputy commissioner Jose Amedo and of inspector Michel Dominguez, reported yesterday that the judge in charge of the case had named the former head of an Interior Ministry special group as a Gal paymaster.

The apparent leak from Judge Baltasar Garzon's office indicates that the sensitive inquiry will now step up its efforts to investigate superiors of the two indicted officers. Earlier attempts by Judge Garzon to question senior police officials were blocked when the Interior Ministry refused to divulge information on its secret funds.

Mr Amedo and Mr Dominguez have been in prison awaiting trial since July 1988 following a formal accusation that they created Gal by supplying mercenaries they recruited in France and in Portugal with funds, arms and information on Eta members living in south-west France. Both officers were based in Bilbao at the time of their arrest and had been at the centre of anti-Eta police operations.

Gal killed 28 Basque separatists in France and wounded a further 17 between October 1983 and July 1987. The death squad, whose initials stood for Anti-Eta Liberation Groups, disappeared as mysteriously as it surfaced when the French government began to round up wanted Eta members and hand them over to Spanish authorities.

Mr Felipe Gonzalez, the Prime Minister, who was elected for a third term two weeks ago, has consistently denied any government involvement in Gal.

Brazil investigates $360m foreign exchange 'fraud'

By Ivo Dawnay in Rio de Janeiro

INVESTIGATIONS are under way in Brazil into what is believed to be the country's biggest foreign exchange fraud involving the illegal transfer abroad of sums up to or exceeding $360m.

Revealing details of 594 allegedly illegal operations, Mr Saulo Ramos, Justice Minister, said he believed the transfers to be the work of "an organised gang of fake importers with the objective of laundering money from drug-trafficking".

Others believe, however, that the motive behind the alleged fraud might well be the more prosaic flight of capital from Brazil's inflation-racked economy.

According to the business newspaper Cazeta Mercantil, Mr Ramos alsn alleged "the involvement of public officials in the operation". Police and Central Bank (BC) officials are currently investigating the transfers that apparently date back to 1987 and involve changes to or falsification of official government documentation.

Once import licences were obtained by the intermediaries, they were doctored to charting the "movement" of non-existent imports from companies overseas to Brazil, the minister said.

Further false documents were then obtained abroad to register larger than actual exports to Brazil and, back in Brazilian ports, to register a larger quantity of goods landed.

When these papers were compiled, commercial banks in Brazil applied on behalf of their clients to the BC for licences to export the foreign exchange to pay for the "goods".

The alleged fraud was apparently discovered when BC employees declined to authorise certain transfers abroad and found that the applicants failed to lodge complaints.

Investigations, also involving Interpol and the US's Federal Bureau of Investigation, have been under way for some months, a Justice Ministry official said.

Mr Ramos claimed soma 15 banks and five brokerage houses in Brazil, the majority in Rio de Janeiro, and five in the US were involved. His claim brought an immediate rebuttal from Mr Leo Wallace Cochrane, president of the Federation of Bank Associations of Brazil.

"The involvement of the (private sector) banks is zero," he said. Another senior bank official, who asked for anonymity, was furious that private banks had been implicated in the alleged fraud. He claimed there was no evidence of complicity in any illegality by executives who had merely completed routine paperwork.

But Mr Vinicius Baker, a Justice Ministry official, said there were suspicions that mid-ranking bankworkers must have been involved in passing or preparing falsified documents. He also insisted that the operation was "bilateral", involving fantasy companies in the US.

The BC investigations department has declared that at the very least, private banks are likely to be prosecuted for negligence.

Mexico and US sign fiscal evasion accord

By Richard Johns in Mexico City

MEXICO and the US have signed an agreement on the exchange of information about the earnings of each other's citizens in a joint effort to crack down on fiscal evasion.

The accord was signed by Mr Nicholas Brady, US Secretary of the Treasury, and Mr Pedro Aspe, Mexican Finance Minister. Mr Aspe flew to Washington also to discuss problems in tying up the package rescheduling $52.7bn of Mexico's public sector debt to the commercial banks and their reluctance to provide fresh finance.

Under the tax treaty, both countries are committed to submit information on computer tapes giving details of income obtained by Mexican residents from the US and vice-versa.

In practice, the accord – which requires ratification of the Mexican Senate – will be of far more importance to Mexico, given the amount of flight capital in US bank accounts. Mexican deposits in the US totalled roughly $13bn early in 1987, according to the Federal Reserve Board.

Earlier this year, claims were made that the authorities were opening mail containing cheques as part of their investigations into tax exemption.

At the beginning of August, the Mexican Ministry of Finance published a limited amnesty aimed at encouraging the return of flight capital under which funds invested abroad before the end of 1984 would be subject to a once-for-all tax of 5 per cent and money invested in 1985 to a 3.7 per cent tax.

The agreement could be of increasing importance to the US, given liberalisation of regulations permitting foreign investment in Mexico's stock and securities market.

Although announced in May, the trust mechanism whereby foreign individuals and funds will be able to buy shares in all Mexican stocks, except for those of the commmercial banks - enjoying profits but not having voting rights – has not been established.

In general, capital gains are free of tax in Mexico but dividends carry a rate of up to 40 per cent under a complex set of regulations introduced earlier this year.

● Mexican accumulated inflation in the first 10 months of this year was 14.2 per cent, according to the Bank of Mexico's Consumer Prica Index. On an annualised basis over the 12-month period, until the end of last month, it was 18.1 per cent.

Aspe: beating the evaders

US issues last-minute invitation to Shamir

By Lionel Barber in Washington

THE White House has issued a last-minute invitation to Mr Yitzhak Shamir, the Israeli prime minister, to meet President George Bush next week.

The delay in fixing the meeting has irritated the Israelis who regard Washington as their closest ally.

It has also raised speculation in Washington and Jerusalem that the United States was signalling displeasure with Israel's slow response to carrying out its plan for Palestinian elections in the occupied territories.

Mr James Baker, US Secretary of State, denied any attempt to put pressure on Mr Shamir.

Mr Bakar attributed the near-two-month delay in fixing a date for a meeting, to the President's scheduling problems.

The Israeli prime minister is due next week to begin a short private tour of the United States, where he is due to talk to Jewish groups in Cincinatti and Los Angeles.

His meeting with President Bush may give an indication of US-Israeli relations as Mr Baker pushes for an agreement between Israel and Egypt on a five-point plan for setting up a dialogue between Palestinians and Israelis.

Yesterday in a television interview, Mr Baker indicated that modest progress had been achieved on his Middle East initiative.

The Israelis had accepted the general framework for talks, subject to certain "assumptions".

The Administration was waiting for a reply from Egypt, which is acting as a mediator for tha Palestine Liberation Organisation, he said.

Israel's assumptions centre on US guarantees on the limited scope of the dialogue with the Palestinians and the composition of the Palestinian delegation.

The Israeli government, made up of a Likud and Labour coalition, refuses to speak to the PLO.

Mr Shamir is expected to reaffirm these "assumptions" in his talks with Mr Bush.

Mr Baker is anxious to keep the parties edging to the negotiating table, and there is some hope of his planned three-way meeting between the foreign ministers of the US, Israel and Egypt occurring in the naxt two to three weeks.

More at stake than mayor's job in Lima poll

Tomorrow will test how willing voters are to defy Sendero, Barbara Durr reports

PERU'S leading weekly news magazine, Caretas, took the unusual step last week of consulting three of Lima's better-known witches on the results of the mayoral contest in Lima tomorrow.

It did so because the government prohibits the publication of public opinion surveys a week before elections. It didn't matter. The witches came up with the same leading candidate as earlier polls: political novice and television station owner Mr Ricardo Belmont.

Mr Belmont, a down-to-earth populist with little programme other than to make this nearly non-functional city work a bit better, was leading opinion polls through last month.

As with candidates in Brazil and Chile, his popularity is owed largely to the fact that he is not a politician and, if he is elected tomorrow, it will be testimony to the tiredness Peruvians feel about the usual political options.

Mr Belmont is running as an independent and has not bothered with the normal campaign hooplah of rallies. He has almost exclusively used his own television station to promote his candidacy.

One garage mechanic said: "Better him than a politician. Maybe he will get something done".

Peruvian weariness with politicians stems largely from the spectacular failure of the government of Mr Alan Carcia of the American Popular Revolutionary Party (APRA).

The country's litany of troubles is virtually endless, but the list starts with an increasingly bloody civil war followed by an economy that is prostrate under inflation of 1,608 per cent so far this year. Mr Garcia, who took office in 1985 and will leave it next July, inherited a sick economy and a vicious insurgency, but both problems have only grown worse.

The Sendero Luminoso ("Shining Path") guerrillas have called on the populace to boycott the nationwide municipal elections tomorrow. In at least 48 districts and four provinces in the highlands where military emergency zones exist, elections cannot even be held. But the guerrillas are concentrating their fire on Lima, where 35 per cent of Peru's 10m voters live.

The pace of guerrilla activity in or near the capital has been stepped up in recent weeks. Since October 29 in Lima, they have blown up 15 electricity pylons and murdered a top Peruvian official for Interpol, a police officer and a left-wing labour leader.

They were also involved in a shoot-out with the police and army in a downtown district, in which three people died and 25 were injured.

On November 3, they called for an "armed strike", meaning a forced general strike, in Lima. Most bus drivers, threatened that their buses would be burned, refused to work that day. Many people courageously went to work however they could.

But the most important reply to Sendero's armed strikes came from Mr Henry Pease, the mayoral and presidential candidate of the United Left coalition.

Mr Pease led a march to defy Sendero's strike call. He was joined by the novelist and right-wing presidential candidate Mr Mario Vargas Llosa. Other presidential hopefuls tagged along.

According to retired Gen Sinecio Jarama, one of Peru's leading counter-insurgency experts, Sendero's efforts to disrupt the municipal election are only a rehearsal for their larger goal of sabotaging the general presidential elections scheduled for next April 8.

Gen Jarama believes, as do others, that Sendero aims then to intimidate one third of the electorate from voting and cause the election to be nullified.

Thus, in tomorrow's poll, there will be more at stake than the mayor's job. It will be a test of how willing Peruvians are to brave not just the usual problem of long queues, but genuinely adverse and insecure conditions, in order to cast their votes.

Mr Belmont's closest rival is Mr Juan Inchaustegui of the Democratic Front Alliance led by Mr Vargas Llosa.

A loss by Mr Inchaustegui in Lima is widely perceived to be damaging for Mr Vargas Llosa's presidential possibilities, in particular because the writer has campaigned prominently for his associate. The only mitigating factor is that Mr Belmont supports Mr Vargas Llosa's candidacy.

Mr Pease, of the United Left coalition, while not expected to win, may well do far better than previously expected after his leadership of the peace march. This will give him a small boost for his presidential bid. The left vote is divided, however, between Mr Pease and Mr Enrique Bernales, who represents a more moderate left wing led by the former Lima mayor, Mr Alfonso Barrantes. Mrs Mercedes Cabanillas of APRA is likely only to hold don the vote of her party faithful.

Papandreou offers coalition with communists

By Kerin Hope in Athens

THE FORMER Socialist Prime Minister, Mr Andreas Papandreou, yesterday made a formal proposal for a coalition with the Communist-dominated Left Alliance Party immediately after receiving a three-day exploratory mandate to form a government.

He said that only a lasting government of "modern dynamic and progressive forces" could prepare Greece for the challenges of the unified European market.

Mr Papandreou, whose Pan-Hellenic Socialist movement finished behind the conservatives in last Sunday's inconclusive election, with 128 seats to their 148, also said he would introduce a simple proportional electoral system, which would considerably benefit the left.

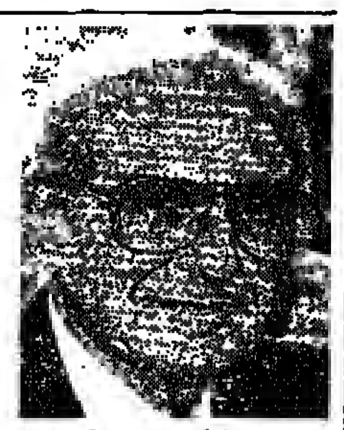
The Left Alliance received only 21 seats in the 300-member Parliament under a strengthened proportional voting system, while capturing 10.9 per cent of the vote.

Mr Papandreou added that he hoped for support from a Socialist independent and a green deputy in order to achieve an overall majority in the house.

The Alliance leader and Communist party president, Mr Harilaos Florakis, has rejected similar offers in the past.

It would be difficult for the Alliance to join forces with Mr Papandreou's party after participating in an earlier coalition with the conservatives which started proceedings leading to the Socialist leader's indictment on charges of bribery and illegal phone tapping.

But a way out of the political stalemate still seems possible since Mr Papandreou said that an all-party government, a conservative proposal which is not opposed by the Communists, could be an alternative solution.



Papandreou: mandate

Mitterrand aims to quell fears

FRANCE'S President François Mitterrand, pushing for progress on monetary union in the European Community, sought to overcome Danish misgivings yesterday, **Reuter reports from Copenhagen.**

Prime Minister Poul Schlüter was expected to keep his options open in talks a month before the issue comes to a head at an EC summit that President Mitterrand will host in Strasbourg.

Denmark prefers to stay in step with its giant neighbour, West Germany, where opinion is divided on Mr Mitterrand's fast timetable for full European Monetary Union (EMU).

"It is clear that the French are following a maximalist line on EMU and equally clear that they can't go anywhere without the Germans," a senior European diplomat based in Paris said.

"Denmark is still on the fence regarding implementation of the second and third EMU phases," he added, referring to radical plans for a single European currency and a federal central bank.

All EC states have agreed to launch phase one, lifting the last trade and capital barriers, on July 1 next year.

French officials say their goal is to leave Strasbourg on December 9 with a commitment by all 12 EC states to hold an inter-government conference on the rest of EMU towards the end of 1990.

By calling last month for full ratification of a new treaty by the end of 1992, Mr Mitterrand has set a pace which appears to be too fast for some key decision makers in West Germany.

Senior central bank and economic officials in Bonn fear the loss of sovereignty over monetary policy and the D-Mark, Europe's dominant currency, which is inherent in full EMU.

German wavering bolsters Mrs Margaret Thatcher, Britain's Prime Minister, who opposes total union.

Mr Mitterrand, trying to cap his six-month EC presidency with a binding deal, needs to convince West Germany that foot-dragging will derail West European unity at a time of turbulent change in Eastern Europe.

As for Denmark, Mr Schlüter will not publicly pre-empt a November 30 meeting of Denmark's powerful parliamentary EC committee.

Mr Mitterrand's other priority, a Social Charter for European workers, poses few problems for Denmark, where relations between employers and trade unions are among the most mature in the world.

Irish economy 'set for growth'

By Kieran Cooke in Dublin

THE Irish economy is set for a period of sustained growth, with gross domestic product projected to grow by 4.5 per cent this year, slowing slightly to 3.5 per cent in 1990, according to latest assessments by the Department of Finance in Dublin.

The Department's Economic Review and Outlook, published yesterday, predicts that Ireland is in for a "period of sustained growth and, more important, of enduring gains in employment".

The Department forecasts a trade surplus of I£2.2bn this year, compared with a surplus of I£2bn in 1988. But much will depend on continued demand on the world market, particularly in the UK, which takes more than 30 per cent of Ireland's exports.

The Department warns that inflation, running at about 4 per cent, must be kept down and consumer spending curbed.

"Strict discipline, particularly as regards current expenditure, must be maintained in the coming year," says the Department.

There can be "no question of easing up on the fundamentals of the present strategy, nor of postponing difficult choices about priorities."

The report says the national debt of I£25bn continues to be a serious impediment to growth.

It adds that there will be further small improvements in job creation, though any significant drop in Ireland's unemployment rate, at present standing at 17 per cent, is not likely for some time.

EC set for industry aid crackdown

By Charles Leadbeater, Industrial Editor

THE European Commission is close to completing a policy document aimed at curbing state aid to industry, after drawing up an inventory of subsidies, Sir Leon Brittan, the commissioner for competition policy, said yesterday.

The inventory of subsidies was compiled after this year's Commission report on competition policy signalled an impending crackdown on state subsidies, estimated to amount to Ecu 82bn (£55bn) a year.

Sir Leon told a meeting in London of British electronics industry executives that the revised policy would shift the emphasis away from exclusive focus on new public subsidies, towards schemes established several years ago.

A danger existed that governments would turn to subsidies as a way to protect industries, after the removal of barriers to trade within the EC under the 1992 programme.

The initial targets for the policy will be general subsidies to investment, export subsidies and aid to state-owned industries, Sir Leon said.

Commission state aid rulings are final, subject only to appeal to the European Court of Justice in Luxembourg.

Sir Leon is expected to make an announcement soon on the French Government's plans to provide FFr 12bn (£1.2bn) to allow Renault to write off part of its debt.

Hussein to continue democratisation

By Lamis Andoni and Tony Walker in Amman

KING HUSSEIN of Jordan pledged yesterday to continue a process of democratisation following the election this week in which Moslem fundamentalist candidates emerged as the strongest bloc in parliament.

The king sought to put the best interpretation on what is almost certain to have been a disappointing result for the palace, which now faces a parliament likely to show a strong independent streak.

Early tests for King Hussein in his relations with parliament will come when it votes on a new cabinet that is expected to be announced before end of the month.

King Hussein said the election marked a "new phase in the life of Jordan".

He indicated that he would consult widely on the composition of his new government.

Moslem Brotherhood candidates won 20 of the 80 parliamentary seats. At least 12 other newly-elected MPs are sympathetic to the Islamic trend.

The balance of the seats are divided between left-wing candidates, Arab nationalists, tribal leaders, and technocrats.

Candidates associated with the government of former Prime Minister Zeid Rifai fared badly in the poll.

King Hussein hastened the holding of elections – the first since before the 1967 Arab-Israeli war – following serious riots in April this year, in which people protested about economic hardship and political constraints.

King Hussein indicated he would consult parliament on controversial issues such as the lifting of martial law, which has been in force since 1967, and removal of a 1957 ban on political parties.

The king said that a "new" national charter would be drawn up to help regulate Jordan's political life.

The charter is expected to define and possibly to limit the role of political groups.

The government is under pressure to sanction the return of parties.

Many Jordanians believe the strong showing of the Moslem Brotherhood was due partly to its being allowed to continue to operate as a quasi-political organisation, while all other parties were banned.

The king said several times during his lengthy press conference that he was pleased a representative body would share the burden of decision making.

"It is incumbent on us all to come together to reorganise and reassess," tha king declared.

King Hussein dealt sharply with a question about whether the elections marked the beginning of a transition to a more modern, Western-style constitutional monarchy in Jordan.

He said he had always been guided by Jordan's 1953 constitution.

Long-term hopes for Jiang look vulnerable

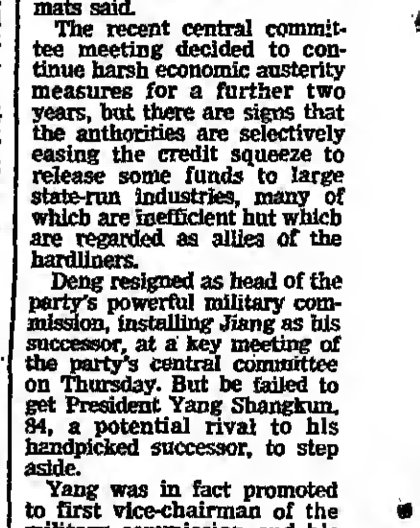
By Our Foreign Staff

A TOP advisory body to China's ruling Communist Party met in Peking yesterday, one day after the announcement that Deng Xiaoping, the senior leader, had resigned from the party military commission.

In spite of speculation that a further shake-up in the leadership had been imminent, foreign diplomats in Peking said the lack of a further reshuffle after the meeting of the Central Advisory Commission meant Deng had been unable to persuade other party elders to retire to smooth the transfer of power to his heir-apparent, Jiang Zemin, the general secretary, whose long-term prospects look increasingly vulnerable.

"With no other resignations, this looks more and more like a failure for Deng," said one diplomat.

A programme of economic reform, spearheaded by Deng more than a decade ago, has been under attack from party



Jiang Zemin: hard-liners adamant

hardliners, and a failure to persuade other leaders to resign raised new questions over the future of his policies, diplomats said.

The recent central committee meeting decided to continue harsh economic austerity measures for a further two years, but there are signs that the authorities are selectively easing the credit squeeze to release some funds to large state-run industries, many of which are inefficient but which are regarded as allies of the hardliners.

Deng resigned as head of the party's powerful military commission, installing Jiang as his successor, at a key meeting of the party's central committee on Thursday. But he failed to get President Yang Shangkun, 84, a potential rival to his handpicked successor, to step aside.

Yang was in fact promoted to first vice-chairman of the military commission and his younger brother Yang Baibing was promoted to be the commission's secretary general.

● The BBC yesterday accused China of regular and severe jamming its Chinese-language broadcasts beamed from Hong Kong.

Correspondents in Peking said the jamming, which has been carried out for at least several weeks, was part of China's efforts to get its own message across to its people in the wake of the army's massacre of protesters in the capital in June.

India temple move angers Moslems

By K.K. Sharma in New Delhi

THE Shahi Imam (head priest) of the Jama Masjid, the largest mosque in northern India, yesterday demanded that all communities should be allowed to build and retain their places of worship without restriction.

He was commenting on the foundation-stone-laying ceremony for a Hindu temple at Ayodhya on Thursday, the site of a Moslem mosque. Hindus believe that the Babri Mosque was built in the 16th century on the site of an ancient Hindu temple that commemorated the birthplace of Rama, a leading Hindu deity.

The Shahi Imam's reference was to the possibility of the mosque being demolished. The laying of the foundation of the temple, he said, had violated court orders on the issue, since it would encompass the mosque area also.

In Punjab, Sikh terrorists killed 19 Hindu students in the hostel of an engineering college in Patiala town at dawn yesterday in what is seen as an attempt to disrupt the election process in the violence-torn north Indian state where extremists are seeking an independent homeland for the Sikhs.

Although elections to the Punjab legislature are not being held in the State, the poll to elect members of Parliament from there is to be held with the rest of the country from November 22. A number of Sikh radicals are also contesting the elections but the holding of polls in Punjab is opposed by many extremist groups which hava been blamed for yesterday's killings.

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UK NEWS

Saunders likely to win aid for £5.2m civil case

By Raymond Hughes, Law Courts Correspondent

MR ERNEST SAUNDERS, the former Guinness chief executive, is likely to be granted legal aid to defend the company's £5.2m civil claim against him.

Yesterday the High Court quashed a Department of Social Security assessment officer's decision that Mr Saunders was ineligible for aid because he had deliberately deprived himself of assets.

Ernest Saunders: High Court ruling yesterday

The officer had held that Mr Saunders' £407,000 half-share of the proceeds from the sale of his family's former home, which he put in trust for his children, counted as his disposeble resources for legal aid purposes. However, Lord Justice Watkins said the assessment officer must reconsider the matter, taking account of Mr Saunders' reason for putting the money in trust.

"There is nothing to suggest that ths rednction of capital was brought about by e deliberate intention to obtain legal aid when otherwise he would not be eligible for it," the judge said.

He added: "On the evidence before us I would not accept that he did it to defeat his creditors, past or future."

The DSS may appeal because of the ruling's implications for legal aid means testing.

Mr Norman Turner, Mr Saunders' solicitor, said after the ruling: "We are confident that if this case does not go to appeal, Mr Saunders will be granted full legal aid without contribution."

The Guinness claim concerns £5.2m that the company paid Mr Tom Ward, a US attorney and former Guinness director, for his services to the company during the Distillers takeover battle.

Mr Sannders has already been given legal aid in the Guinness criminal trial, on the basis that he may have to contribute up to £287,000 after the trial.

When granting criminal legal aid, Mr Justice Henry said that, in pntting the £407,000 in trust, Mr Saunders had been "clearing the decks for action." He had made himself e less attractive target for litigation and, if be started proceedings himself, less able to pay costs if he lost.

Lord Justice Watkins did not agree with that. He said that Mr Justice Henry had not had anything like the evidence available to the High Court.

Lord Justice Wetkins said that although the civil trial had been postponed until after the criminal one, complicated pre-trial matters on which Mr Saunders needed lawyers' help continued to be dealt with.

Legal bills had eaten away his assets and he still owed lawyers more than £300,000.

Electronics industry help urged

By Charles Leadbeater, Industrial Editor

PARTS of Britain's electronics industry could be destroyed if the Government is not more active *in influencing the European* single market programme, Mr John Chisholm, president of the Electronics and Business Equipment Association warned yesterday.

Mr Chisholm, managing director of Sema Group, the UK systems house, told a meeting of the association yesterday: "British industry will be wiped out unless urgent Government action is taken to ensure we are playing on a level playing field."

He said the main threat to Britain came from the way state aid to the French and Italian industries distorted competition.

The only answer was for the Government to "join the rough and tumble" by providing more direct help to indus try.

He warned that the leading British companies involved in manufacturing air traffic control radars might be eliminated from the European market, by Thomson CSF and Selenia, the French and Italian companies which had both been able to lower their prices because of the state aid they receive.

Putting a price on contamination

Bridget Bloom meets a farmer caught in the row over cow feed

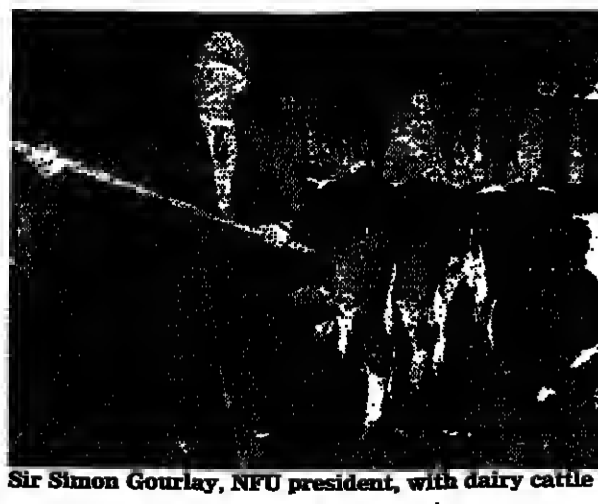
MR JIM HAMILTON, a farmer from Devon, has been hoping to swell the income from his 40 dairy cows by fattening beef cattle as well. However, seven of his calves died last month.

The first *signs of trouble* appeared on Sunday October 22, when one calf went sick. It died on the following Wednesday and when two more become ill and also died, Jim Hamilton's vet sent them to the Veterinary Inspection Centre at Star Cross, not far eway. Lead poisoning was the verdict.

"The loss of the calves was bad enough" Mr Hamilton said yesterday. "But what worries me now is what will happen to the other 175 animals we fed on those rations. Will they grow – and can they be sold?"

Mr Hamilton, who moved to Lamerton near Tavistock only 3 years ago, was one of the first farmers to alert vets in the three West Country counties of Devon, Cornwall and Somerset that they might have on their hands what Mr John Gummer, the Agriculture Minister, was later to call a major criminal conspiracy relating to lead-contaminated cattle feed.

Today, Mr Hamilton is one of 1,294 British farmers who have had restriction orders slapped on their businesses: he is unable to move or sell cattle and his milk goes to a special depot in Torrington, possibly for later destruction. He may, tbougb, be lucky in one respect: his milking cows were not fed the contaminated feed; that went instead to 16 dry (non-milking) cows, and the cattle being fattened for market.



Sir Simon Gourlay, NFU president, with dairy cattle

The Devon farmer is still eomewhat bemused hy ths potential tragedy which has befallen so many farmers in his area, although he says it'e much too early to be able to know or assess what compensation might be sought.

What happened to him was thet the summer's dronght gave him poor grass for grazing and his own barley yields were low, so since August he has supplemented his animals' feed with a mix supplied in four-tonne loads by his normal merchant in Great Torrington. The rations, in rolls, had the advantage of being fed on the ground, instead of in troughs, and were priced competitively.

Mr Hamilton says he hed been feeding the animals for nearly three weeks on the contaminated consignment before the calves started dying, but he is still astonished to learn that the trail may go right back to Burma last September.

The assnmption, as advanced by Ministry of Agriculture officials, is that rice bran produced in Burma was exported to Europe but was contaminated on the way by e lead compound in the mixed cargo ship.

Tbougb the contamination was "obvious" on inspection in the Belgian port of Antwerp, where the consignment was ordered to be destroyed, it somehow found its way to Dntch feed compounders who turned it into maize gluten replacer pellets.

By the time Jim Hamilton bought it, it had been through several more hands – including tbe importers et Teignmouth, in Devon, and the compounders who mixed the pellets with other feed ingredients.

"There was nothing much on any label to indicate what it was, beyond being called PCM rolls," he said yesterday. "That obviously could mean anything."

Like many farmers in the west of England, and a few in the Midlands who also bought from at least seven different merchants handling the feed, Mr Hamilton took it on trust.

Meanwhile, Sir Simon Gourlay, President of the National Farmers Union, on e visit to enotber affected farm, bas warned that many farmers drink their own milk and if contamination is proved, they should have health checks.

Dutch feed suppliers reject claim

By Laura Raun in Amsterdam

THREE DUTCH suppliers of animal feedstuffs yesterday denied any responsibility in a *Fl 2m (£600,000) damages claim* that could help unravel the international scandal over poisoned cattle feed.

Slump, a Dutch fodder maker which sold lead-poisoned cattle feed to about 300 farmers, is claiming that Rovegrha, Drogerij Marknesse and De Bruijn knowingly dealt in contaminated goods and thereby defeuited on their legal obligations.

However, in Rotterdam District Court yesterday tbey blamed Toepfer, a West German company, for the lead poisoning of Burmese rice bran they used to make the fodder.

Mr Tbeodore Sendberg, ettorney for Slump, said Toepfer was not to blame because it sold tbe contaminated rice bran to De Bruijn with repeated instructions to destroy it.

Instead of doing this, De Bruijn sold it to Drogerij Marknesse, which marketed it through Rovegrha, according to the legal claim. Rovegrha, which is Marknesse's sales arm, argued that it was innocent of wrongdoing because of *force majeure*. The judge will deliver a decision on Monday.

MPs predict TV will change procedures

By Ralph Atkins

TELEVISING the House of Commons will not only bring the drama of politics into Britain'e living rooms. Most MPs believe it will also change the stage directions.

An Independent Television News poll released today shows that 88 per cent of MPs believe television cameras will eventually change Commons' procedures.

The poll results, to be released on Channel Four's The Commons Touch, highlight a growing feeling among MPs that television cameras will change the character of the Commons forever.

The first live pictures from the Commons will be of the state opening of Parliament on November 21.

Most pressure is likely to be on Mrs Margaret Thatcher and Mr Neil Kinnock, the Labour leader. In the programme, Mr Kinnock describes Prime Minister's questions as a "kind of fencing matcb, where yon really try to get the Prime Minister on the back foot or get the chest exposed so that you can make the thrust."

He discloses that his biggest tactical mistake was his long opening speech during the 1986 Westland debate. Some believe be could have forced the Prime Minister to resign.

He says that instead of going straight at the subject with a choice "sound-bite," he used "a kind of lead-up, a very erudite, if I may say so an excellent, assembly of words – but not what should have been done on that day."

Mrs Thatcher says: "The great advantage of a woman's voice is that it can be heard through the hubbub, whereas a man sometimes can't."

The ITN poll found most of the 297 MPs who responded thought television would mean quieter, more restrained behaviour. However tbsy were unsure whsther procedural changes would be for the better or worse.

On Commons procedure, 72 per cent thought all bills should be regularly timetabled – instead of using "guillotins" motions to curtail debates when MPs use delaying tactics. A substantial majority – 87 per cent – said there was not enough time to consider European legislation.

When asked whether MPs should work more normal hours, 61 per cent said "yes." Those in favour of continuing the present sittings, which start at 2.30 pm and often end in ths middle of the night, were mostly older members.

If Parliament finished at, say, 8pm, MPs with far-flung constituencies would end up "either in the pub, or in Soho," one said.

Pension protection move seen as employers' burden

By Barry Riley

GOVERNMENT proposals to increase the level of protection for members of occupational pension schemes could create a "massive extra liability" for certain employers, according to Mr Tim Mitchell, president of the Society of Pension Consultants.

He strongly criticised the plan, disclosed last Tuesday, to require that when schemes are wound up the statutory degree of protection against inflation – increases in line with the Retail Price Index up to a ceiling of 5 per cent – must be applied to all present and future pensions in payment.

Mr Mitchell, who was speaking yesterday at a conference organised by Prudential Corporate Pensions, gave the example of a company which used to employ 7,000 people but now had only 2,500 on the payroll. Revaluing pensions in the required way would imply the need for a one-off provision of £50m for a company with a current payroll cost of only £40m a year.

He pointed out that the requirement would only be triggered when a scheme was wound up, so making it likely that schemes would never be closed in practice.

Mr Mitchell, who is vice chairman of Godwins, the consultants, claimed employers with schemes were being penalised, whereas those who had not bothered to set one np were unaffected. "It doesn't make sense. I hope that the Government will listen to reason on this and change what they have said."

● The popularity of the new personal pensions which saw more than 3m contracts sold in the 1988-89 fiscal year looks set to continue in the current year, writes Eric Short, Pensions Correspondent.

Figures from the Association of British Insurers show that personal pension sales by life companies were buoyant in the third quarter of this year.

New annual premiums were £223m, nearly 10 per cent up on the £204m in the third quarter last year – the first period in which personal pensions became available.

Single premium sales in the third quarter of £500m were triple those of a year ago.

Some single premium business relates to a backlog from the business boom in the final days of the previous tax year, but life companies are experiencing strong growth in personal pension sales.

A significant underlying feature has been the growth of unit-linked pension contracts at the expense of traditional with-profit contracts.

Performance of nuclear reactors has been mediocre

Andrew Holmes explains how the economics of nuclear power stations ruled them out of electricity privatisation plans

WITHDRAWAL of nuclear power stations from electricity privatisation was all but inevitable from the outset. Nuclear power in general carries too many unforeseeable risks for the private investor to feel comfortable with it.

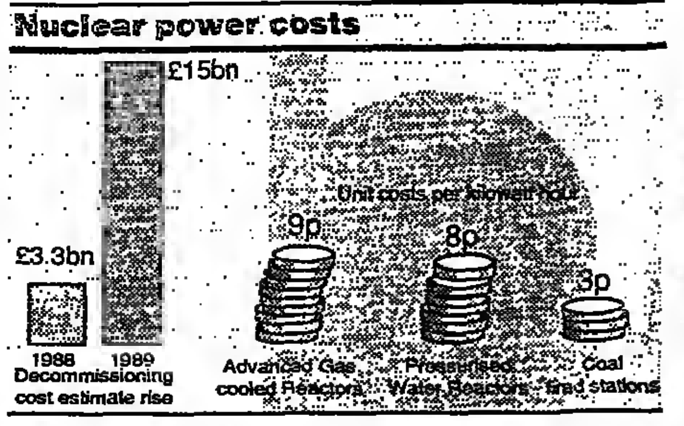
The performance of British-designed nuclear stations, and particularly the advanced gas-cooled reactors (AGRs), has been mediocre at best. This was never the subject for a successful privatisation.

However, it has been the disclosure that nuclear power is not economic to operate – and never has been – which has forced the Government to change its mind.

The last 12 months have seen an extraordinary series of revelations about the costs – past, present and future – of generating electricity from nuclear power. The problems which have led to nuclear's exemption from the sale have not been caused by privatisation, for the most part. It is simply that the prospect of having to spend real money, as opposed to public funds, on nuclear capacity has changed the attitude of electricity industry executives.

The first revelation came in

Nuclear power costs



January 1989, when a speech (never actually delivered) by Mr John Baker, chief executive of National Power, was leaked. He calculated that the average cost of nuclear generation, subtracting transmission costs, was 5 pence per unit, compared with 3.5p per unit for coal-fired generation. Fuel costs, at 2p per unit, were the same for coal and nuclear.

This turned the whole mythology of nuclear power on its head. The myth had it that nuclear power stations, while costly to build, were cheap to run; coal stations were supposed to be the reverse – cheap to build and dear to run.

In fact, nuclear fuel – including the provision of "back-end" services such as waste disposal and reprocessing – cost just as much as the British coal which the CEGB so often described as "uncompetitive" and "uneconomic," according to this analysis.

The Government planned to impose a "nuclear levy" on electricity bills, to compensate the distribution companies for using nuclear power. On the basis of Mr Baker's figures, the levy would come out at around 15 per cent on every electricity bill. By any reckoning, this was a high price to pay for the "security of supply" which the Government claimed as the rationale for pressing ahead with nuclear expansion.

As time went on, the nuclear back-end problems – decommissioning retired stations and re-processing spent fuel – were teased out. Decommissioning costs were the most spectacular. Up to 1989, the CEGB claimed that the cost of dismantling a Magnox station would be of the order of £300m. This figure was a modest one, given that the money would not actually be required for a century after power station closure. It takes that long for a nuclear station's radioactivity to "cool down" sufficiently so that the business of dismantling can be attempted.

The CEGB was supposedly laying money aside to provide for this contingency. In fact, the annual provisions for decommissioning were merely a book transaction. In the US, utilities are bound to lay decommissioning provisions aside in an escrow account. Yet the CEGB provisions vanished between CEGB headquarters and the Treasury.

When the Government withdrew the early Magnox reactors from privatisation in July, decommissioning costs were given as the main factor. The Magnoxes had spent their operating lives in the public sector, therefore the public sector must pay the bills. However, the AGRs would have spent most of their lives in the private sector, so provision had to be made for the private sector to pay for decommissioning.

For the first time, the electricity industry had to produce figures for decommissioning rather more substantial than the "back-of-an-envelope" figure of £300m.

Figures given by Lord Marshall at the closing ceremony of the Berkeley Magnox – the first to come out of operation – yielded by simple extrapolation a minimum bill, for AGRs and Magnoxes, of £15bn.

This was just the basic minimum. No-one has ever dismantled a commercial nuclear power station and there is much guesswork involved in even the £15bn figure.

By mid-year, National Power was in serious negotiation with the Energy Department over the terms under which it would run the nuclear stations. Yet more cost estimates were produced suggesting that nuclear power would cost 7p a unit rather than 5p, operating at commercial rather than public sector rates of return.

According to a recently-leaked Cabinet document, the Energy Department hoped to beat National Power down to around 6.5p. This would still have left nuclear power costing more than double the price of conventional generation.

Then there was Sizewell B, the first of a new generation of pressurised water reactors (PWRs), which was meant to herald a new beginning for nuclear power in the UK. Sizewell would be more expensive still. A draft contract for Sizewell's output by National Power put the unit cost at 8p-10p per unit. That was the breaking point. The Sizewell B figure was the first truly commercial estimate of the cost of nuclear power.

National Power would have had to recoup from the unit price all costs associated with the reactor, from construction to final dismantling.

Costs were particularly high compared with, for example, French PWRs of a similar design. This was partly because it was the first of the kind attempted in Britain whereas France, with more than 50 similar stations completed, has built up a huge body of expertise and can exploit economies of scale. It is also said that UK safety regulations, while not necessarily safer than the French ones, are more elaborate and costlier.

The other big change which resulted from privatisation was a large additional item for the cost of capital. This was set at 5 per cent in the public sector, but needs to be nearer 10 per cent in a private sector project with perceived risks. On a project costing £1.9bn, this change could make a huge difference.

Building just one of these PWRs – let alone the four planned by the CEGB – would bring an enormous financial penalty. Thus there was nowhere to go but backwards.

It has been argued that the withdrawal of nuclear power is a blow to privatisation. Yet in some ways the opposite is true. For 20 years or more, the true economics of a nuclear industry was hidden within the national electricity accounts. In the absence of privatisation, there is little doubt that the CEGB would still be moving ahead towards "a new generation" of four PWRs.

The economics would have looked different, but underneath it would have been just the same sorry prospect now clearly perceived.

Andrew Holmes is Editor of the FT monthly newsletter, Power in Europe

Scotland expected to export more power to England

By James Buxton, Scottish Correspondent

THE DECISION by the Government to cancel its programme for new pressurised water reactor nuclear power stations should mean much larger exports of power from Scotland to England, Mr Malcolm Rifkind, Scottish Secretary, said yesterday.

He said that the interconnecting transmission line between the two countries could be expanded from its current capacity of 850 MW up to 2000 MW.

This is the highest figure that has been publicly placed on expansion of the interconnector: current plans are to go up to 1600 MW but further expansion would be possible.

Mr Rifkind said the increased export market in England would mean a brighter future for the Scottish coal industry with coal burning power stations contributing to the exports to England.

As in England the SSEB's two advanced gas cooled reactor power stations are being taken out of privatisation.

They account for about 25 per cent of Scottish generating capacity but meet as much as 60 per cent of demand.

Mr Rifkind said that the Government would have to consider whether Scottish Nuclear (SNL), as the state-owned nuclear generating company is to be called, will become involved in making direct sales to customers in England or whether it will only sell power to the successors of the SSEB and the North of Scotland Hydro-Electric Board.

Any suggestion of SNL making direct sales is likely to be strongly resisted by the two companies which will argue that this would mean Scottish customers losing the benefits of the nuclear stations.

The Scottish deep mined coal industry has been reduced in the past three years to the single pit complex at Longannet in Fife which serves the SSEB's power station there. It has recently become profitable and one of the most productive pits in Britain.

Lord Marshall leaves his position of power

By David Fishlock, Science Editor

ONE OF Europe's foremost scientists finds himself out of a job this weekend. Lord Marshall of Goring, ennobled by a grateful government for keeping the lights burning throughout the mineworkers' strike, is leaving the electricity industry because its privatisation plans no longer include nuclear power.

For a decade, Lord Marshall, who is 57, has dominated not just Britain's but Europe's nuclear power industry. He was made chairman of the newly created World Association of Nuclear Operators last spring. WANO is a club of companies with nuclear power plants, east as well as west, pledged to raise safety standards.

He has been a highly articulate state industry chief with an inexplicable accent, which he attributes to having been taught by mid-European emigré mathematicians at Birmingham University in the 1950s.

Walter Marshall read nuclear physics and magnetism before joining the UK Atomic Energy Authority's Harwell laboratory. In 1968, he became director of Harwell, with a brief to implement a government scheme for funding it partly through commercial contracts. Two decades later, no other government laboratory has rivalled Harwell's commercial achievements.

He was rewarded in 1975 with deputy chairmanship of the UKAEA, combined soon after with the part-time post of Chief Scientist to the Department of Energy. But in the first political setback of his career, he was sacked from the second post by Mr Tony Benn, then Energy Secretary, for over-enthusiastically promoting nuclear power.

Sir Monty Finniston, who as chairman of British Steel suffered the same fate at the same hands, was to remark later that "Walter sulked for a year."

However, Marshall's scientific reputation remained intact. He was elected into the fellowship of the Royal Society at the early age of 37 in 1971 for his work on the theory of magnetism. Mrs Thatcher's Government made him UK AEA chairman in 1981, and knighted him the following year. In 1983 Mr Nigel Lawson, as Energy Secretary, picked him to head the Central Electricity Generating Board, and specifically to mastermind its plans for a new nuclear power programme.

Those plans collapsed on Wednesday, when Mr John Wakeham, Energy Secretary, told him the nuclear power stations were not going to be privatised, and there would be only one British Pressurised Water Reactor. There was no longer a job for Lord Marshall. The government had already picked Mr John Collier - a close aide from Harwell in the 1970s - to run its new state-owned nuclear power company.

However, the crucial point was that it was abandoning the PWR after Sizewell B, ostensibly because its power will be too costly compared with fossil-fuelled power. As Lord Marshall understands well, Sizewell B is unlikely to be finished anywhere near its schedule and budget if contractors can see no repeat business.

Starting 20 months ago, Lord Marshall tried to persuade the Government that it could develop nuclear power only if it retained a large generating company with an obligation to supply. Without such an obligation, the banks would see any big project – coal-fired, tidal – as risky, and require a higher return on investment. Nuclear would be seen as riskiest of all, most vulnerable to events beyond its control.

The Government's first attempt to deal with the issue was to give the obligation to supply to the 12 distribution companies. The case was soon to crumble when the Government sought to introduce more competition at retail level, to avoid the distribution companies simply becoming local monopolies. No monopoly simply meant no obligation to supply. That in turn meant a low level of credibility with the banks.

Mr Wakeham, when made Energy Secretary last summer, immediately recognised the dilemma. His solution was to put competition before nuclear power. Nuclear power lost out to the Government's wish to privatise electricity, and so has Lord Marshall.

Lord Marshall: taking off his energy hat for the last time

Growth in steel output is slowing

THE LATEST figures for steel production show that the strong growth in UK steel output in the past two years is coming to an end. Production fell in October by 8.3 per cent compared with the previous month and was 13.1 per cent below that of October last year.

This represents the biggest monthly drop for at least two years, except for the steep falls always registered in the July and August months.

Solicitor jailed

A SOLICITOR was jailed for four months yesterday for acting for a fictitious client in a house sale. Mr Christopher St John Farrow, 37, was the third lawyer to be sent to prison as a result of a series of mortgage fraud trials at Bristol Crown Court.

Mr Adrian Palmer, prosecuting, said Mr Farrow helped an estate agency manageress to defraud a building society. "He did so by acting for a fictitious client so that the manageress could buy a house that came on to her books at an inflated price and keep the proceeds."

Mr Farrow, of Hollesley, Suffolk, was convicted of dishonestly obtaining a cheque for £25,730 from Alliance Building Society by deception. He denied the charge and told the jury he believed the client existed.

North Sea oil find

CHEVRON, the US oil company, has reported a successful oil well drilled 1.5km from its Alba field in the North Sea, about 130 miles north-east of Aberdeen.

The well, which flowed at a rate of more than 3,400 barrels a day, raises the possibility of an extension to the reservoir, which Chevron believes contains more than 250m barrels of recoverable reserves.

Cornwall jobs loss

COATS VIYELLA, the textiles group, said yesterday it intended to transfer production from its shirt manufacturing unit in St Austell, Cornwall, to another plant in the Coats Viyella group from February.

It gave no figure for total job losses resulting from the move, but said about 290 employees would be affected.

Coats hopes that some job reductions will be achieved through natural wastage and that other employees can be redeployed in other group operations.

Go-ahead expected for Tube extension

By Kevin Brown, Transport Correspondent

A PLAN to extend London Underground's Jubilee Line from the West End to Stratford via the Isle of Dogs is likely to get the go-ahead on Wednesday, following the Chancellor's Autumn Statement.

Negotiations between the Government and Docklands developers on ways of financing the line are believed to have been concluded, and Mr Cecil Parkinson, the Transport Secretary, is thought to have reached agreement with the Treasury on a sizeable public sector contribution to the £1bn cost of the line during talks with Mr Norman Lamont, the Chief Secretary.

There was no official comment yesterday from the Transport Department, London Underground or Olympia and York, the Canadian-owned developers of the largest Docklands project at Canary Wharf.

However, Mr Parkinson dropped a broad hint that the scheme would go ahead in a speech marking the start of major reconstruction work at Angel Underground station.

He said: "The Government is ready to play its part. Whilst I cannot anticipate the Chancellor's Autumn Statement, I think you will find in it evidence of our willingness to back London Underground in its drive to give London's Tube system it can be proud of."

The route for the planned extension has not been formally announced. It is likely to run from Green Park via Westminster to Waterloo and London Bridge before recrossing the River Thames to Canary Wharf and then turning north to Stratford, where it will interchange with British Rail and London Underground's Central Line.

An alternative route which would take the line through the Blackwall peninsula in Greenwich has been dropped because of extra costs.

The go-ahead for the extension will almost certainly mean the postponement of plans for a BR gauge line under central London known as the East/West Crossrail scheme, although the project may be revised later.

That scheme would have greater impact than the Jubilee Line extension on the major problem of central London congestion, but would not attract contributions from developers.

● A future Labour government would introduce a wide ranging Railway Act to give legal force to British Rail's quality of service targets, Mr John Prescott, the shadow Transport Secretary, said yesterday.

The Act would lay down in law the policy objectives that BR would be expected to meet, Mr Prescott told the annual conference of the Centre for Local Economic Strategies.

These would include targets for safety, reliability and passenger comfort as well as broader policy objectives such as helping to relieve road congestion, Mr Prescott said.

BR's performance would be monitored by regional and national regulatory authorities with the power to examine investment programmes, fares policies and management practices.

"Labour will set the financial framework and the policy objectives. We will then give BR the freedom from political interference to get on with the job," Mr Prescott said.

He also blamed Sir Robert Reid, the BR chairman, for making "a fundamental error" in welcoming financial targets set by the Government.

MPs clash over energy supply

By Ivor Owen

CURRENT judgements about the limited role for nuclear power stations in meeting Britain's future energy requirements may have to be revised, Mr David Heathcoat-Amory, Under Secretary for the Environment, suggested in the Commons yesterday.

Supporting the view of Sir Ian Lloyd (C Havant), chairman of the all-party Energy Select Committee, he argued that the emergence of new factors stemming from the need to protect the global environment might affect the price of coal and other fuels and lead to nuclear energy coming back "into the economic arena."

Mr Heathcoat-Amory rejected charges from the Opposition benches that the Government was delaying the international action needed to counter global warming – the so-called greenhouse effect.

Both Mr Allan Roberts, from the Labour front bench, and Mr Malcolm Bruce, energy spokesman for the Liberal Democrats, strongly criticised Mrs Margaret Thatcher, the Prime Minister.

They contended that the objectives she supported when addressing the United Nations earlier in the week conflicted with her commitment to market forces. Mr Roberts said the Government's actions prevented real international anxiety being translated into effective action.

University funding will be monitored

By David Thomas, Education Correspondent

THE Universities Funding Council, the official body that distributes government cash to the universities, is to monitor a total of 13 university institutions which are forecasting severe financial difficulties over the next few years.

A circular sent this week by the council to all vice-chancellors analysed the financial forecasts to July 1993 submitted by individual universities.

UK universities are forecasting a reduction of 2,800 staff in the five years to 1993, coupled with an increase of more than 5 per cent in student numbers to 360,000 by 1992-93.

This means student-staff ratios will have worsened to 11.8 students to each staff member by 1992-93, compared with 10.8 students in 1987-88.

The universities are also predicting a cumulative deficit of £67.4m in the five years to 1993, with deficits mounting rapidly after next year.

The increase in the deficit is largely because the universities are expecting pay increases to staff to outstrip the income they receive from the Government.

The council's circular says that 13 institutions are forecasting severe financial problems. It does not name the institutions, which could be either entire universities or colleges of London University.

The circular tells vice-chancellors: "These 13 institutions will be the subject of additional scrutiny to ascertain the causes of the problems and the institutions' plans to remedy them."

The forecasts produced by the universities collectively are more pessimistic than they were a year ago.

Vice-chancellors believe they will have to bear heavier restructuring costs, such as for early retirement, than they previously forecast.

They are also less optimistic about the rate at which overseas student numbers will increase.

Universities believe their research income from sources other than the Government's research councils will be £51.1m by 1992-93, compared with £27.4m in 1987-88.

The increase reflects both greater volumes of work from private industry and an attempt by the universities to persuade their customers to cover more of the overheads of research.

The council's circular tells vice-chancellors that each 1 per cent improvement in the rate at which overheads are covered would generate £2m to £3m for the universities.

However, it also warns vice-chancellors against "significant price increases (for research contracts) which may not be readily accepted and would most likely lead to a reduction in volumes."

UAL shelves plans for Glasgow/Chicago service

By James Buxton, Scottish Correspondent

UNITED AIRLINES (UAL), the leading US carrier, has withdrawn its application to pioneer scheduled services between Glasgow and Chicago.

It blames licensing problems and the effect on aircraft deliveries of continuing industrial action at the American Boeing aircraft plant in Seattle.

UAL's July application to fly between Glasgow and Chicago added considerably to the pressure on the Government to review the rules that prevent transatlantic flights from Scotland using any airport but the under-used Prestwick.

In September Mr Cecil Parkinson, the Transport Secretary, ordered a rapid review of Prestwick's status. Also in that month, UAL was granted a licence by the US transport department, but this was rescinded after American Airlines complained and the department decided to hold a route inquiry into the issue.

The inquiry would not have been concluded before mid-April, which UAL says would have left it too little time to market its new service effectively before flights began in June. Furthermore, because of the delays to aircraft deliveries by Boeing, it could not guarantee to have aircraft available to operate the service.

Because of UAL's withdrawal there will not now be a route inquiry and American Airlines should soon be granted a licence.

The British Government's review of Prestwick's status is expected to be complete in January and to conclude that transatlantic flights from Scotland may use Glasgow and possibly other Scottish airports.

UAL said yesterday that it was proceeding with plans to serve other European destinations for the first time.

Blue Arrow/County NatWest: the full charges

THE INDICTMENT alleges a conspiracy to contravene section 13 of the Prevention of Fraud (Investments) Act, 1958, contrary to section 1(1) of the Criminal Law Act, 1977.

□Natwest Investment Bank, County Natwest, UBS Phillips & Drew Securities, Charles Nigel Villiers, Jonathan Cohen, David Reed, Nicholas Wells, Martin Gibbs, Christopher Stainforth, Paul Smallwood and Timothy Brown are charged with:

Between July 1 1987 and October 15 1987 conspiring together and with others fraudulently to induce persons to enter into agreements for acquiring or subscribing for securities, namely shares in Blue Arrow, by making statements which they knew to be misleading, false or deceptive, or by dishonestly concealing material facts, or by recklessly making statements which were misleading, false or deceptive, namely:

● 1.1 by failing to notify the company announcements office of the quotations department of the International Stock Exchange by way of a class 2 announcement (as provided for by section 6 of the Council of the Stock Exchange's admission of securities to listing) following the purchase of shares in Manpower Incorporated for a consideration in excess of 5 per cent of the consolidated net assets of Blue Arrow;

● 1.2 by concealing the fact that the level of acceptances of provisionally allotted new ordinary shares in Blue Arrow was 38.04 per cent at the expiry of the offer by way of rights issue at 3pm on September 28 1987;

● 1.3 by concealing the fact that 54,625,000 new ordinary shares in Blue Arrow were taken up after 3pm on September 28 1987.

● 1.4 by falsely stating that, in connection with the rights issue of 504.4m new ordinary shares in Blue Arrow, acceptances had been received in respect of 246.5m shares, which represented 48.9 per cent of the rights issue.

□Natwest Investment Bank, County Natwest, UBS Phillips & Drew Securities, Charles Villiers, Jonathan Cohen, Stephen Clark, Elizabeth Brimelow, David Reed, Nicholas Wells, Alan Kaat, Martin Gibbs, Christopher Stainforth, Paul Smallwood and Timothy Brown are charged with:

Between September 14 1987, and January 6 1988, conspiring together and with others to defraud such persons who had, or might have had, an interest in dealing in shares in Blue Arrow or National Westminster Bank, or in dealing on the Financial Times Stock Exchange 100 Share Index, namely:

● 2.1 by dishonestly concealing holdings of 19.39 per cent of the share capital of Blue Arrow;

● 2.2 by falsely stating that all the remaining shares not taken up in the rights issue by existing shareholders had been sold in the market;

● 2.3 by falsely representing that 33,315,528 Blue Arrow shares were held by County Natwest Securities for the purposes of market making;

● 2.4 by falsely representing that 34,069,433 Blue Arrow shares were held by Phillips & Drew Securities for the purposes of market making;

● 2.5 by dealing off market with Union Bank of Switzerland in 28,201,743 Blue Arrow shares when, by reason of their connection with that company, they were knowingly in possession of unpublished price sensitive information;

● 2.6 by creating a false instrument, namely a letter of indemnity dated October 5 1987, from Nicholas Wells on behalf of County Natwest to Union Bank of Switzerland;

● 2.7 by engaging in a course of conduct which created a false or misleading impression as to the market in Blue Arrow shares for the purpose of creating such an impression and thereby influencing persons who might deal in those shares;

● 2.8 by purchasing and retaining 2,150 Financial Times Stock Exchange 100 Share Index put option contracts to cover a risk of £51.5m while concealing from the market the true position in relation to the rights issue and the subsequent placing of shares in Blue Arrow, where Blue Arrow and National Westminster Bank were both component parts of that index;

● 2.9 by transferring 1m new ordinary shares in Blue Arrow from Natwest Investment Bank to County Natwest Securities to account for a similar holding by Handelsbank Natwest and falsely representing that those shares were held by County Natwest Securities for the purposes of market making;

● 2.10 by failing properly to account for the acquisition, distribution and disposal of 66.6m Blue Arrow shares held by Natwest Investment Bank and County Natwest in the records required for accounting purposes by Natwest Investment Bank and County Natwest;

● 2.11 by failing properly to account for the acquisition, distribution and disposal of 34,069,433 Blue Arrow shares held by Phillips & Drew Securities in the records required for accounting purposes by Phillips & Drew Securities;

● 2.12 by falsely representing that County Natwest had become interested in 9.5 per cent of the issued share capital of Blue Arrow on December 17 1987, and that the board of Blue Arrow had been informed of that interest;

● 2.13 by concealing the true position in relation to the rights issue from the Bank of England, the International Stock Exchange, National Westminster Bank and/or the board of directors of Blue Arrow;

● 2.14 by falsely representing that the rights issue had been honestly and successfully completed by reason of their general skill, competence and diligence.

More ambulance workers ban non-emergency calls

By Fiona Thompson, Labour Staff

AMBULANCE workers in 25 of England's 44 regional health authorities have now banned all non-emergency work.

The escalation of action outside London came as leaders of Britain's 22,500 ambulance workers yesterday dropped some subsidiary demands from their pay claim as a "goodwill gesture."

The shelving of claims for a cut in the working week, more holidays, and extra pay and holidays for long service, was aimed at breaking the deadlock in the eight-week dispute, said Mr Roger Poole, chief trade union negotiator.

The unions were standing firm on their demand for an improvement in the Government's 6.5 per cent pay offer, bowever, and for e pay formula which would guarantee annual rises.

The onus was now very firmly on Mr Kenneth Clarke, Health Secretary, to call for peace talks, said Mr Poole. The union leaders would meet on Thursday "to consider what further action to take" if talks did not take place soon.

Kenneth Clarke: onus for peace talks 'firmly on him'

The unions did not want to have to increase the pressure, bnt the Government "should be under no illusions about our determination to press on," said Mr Poole. "We will not see ambulance staff bullied, threatened or starved back to work."

Ambulance workers in the 25 areas which have stopped non-urgent work have — in most cases — excluded from the ban cancer, maternity, and renal dialysis patients, children under 14 and patients designated by family doctors as urgent.

In London, ambulance workers were again suspended without pay at all 71 stations for refusing to operate radios as management wanted. Troops, voluntary agencies and the police continued to answer 999 calls.

The unions claimed that hospitals in London were by-passing official control channels and going direct to ambulance stations to get help.

The Department of Health said last night it could not comment on the proposals made by the trade union side until it had received e letter from Mr Poole detailing the offer.

NUM not to ballot on strike action

By Our Labour Staff

THE NATIONAL Union of Mineworkers yesterday decided not to ballot its members immediately on indnstrial action either over the imposition of a pay deal or British Coal's proposals for new flexible boliday arrangements.

The pay increase, which gives face workers e basic weekly wage of £183.25, is the second stage of a two-year deal agreed with the Union of Democratic Mineworkers. Mr Arthur Scargill, NUM president, said his union had not agreed the increase.

The conference also decided against immediate industrial action ballots over the British Coal's proposal for flexible holidays. However, Mr Scargill said the union might still ballot its members if British Coal imposed the arrangements,

The new pay offer increases wages by between £10.80 and £13 per week for underground workers.

Unions step up campaign against dangerous wastes

By Jimmy Burns and Peter Marsh

TRADE UNIONS are stepping np their campaign against toxic weste, becanse of renewed concern that containers of polychlorinated biphenyls (PCBs) could be reaching British ports without adequate regulation.

The Netional Union of Seamen has written to its local offices to instruct members to report any toxic waste shipments imported into Britain. The move could pave the way for further industrial action on the issue.

Local NUS officials are also being told to liaise closely with other transport unions, including the National Union of Railwaymen and the TGWU transport union.

Between 1987 and 1988, Britain imported 80,000 tonnes of hazardous waste, of which 5,000 tonnes was either pure PCB oil or PCB-contaminated material like disused transformer casings.

The two main importers are Rechem and Cleanaway, specialist waste-disposal companies. Each runs an incinerator for burning PCB materials — the only two in the UK that handle such substances.

The National Association of Waste Disposal Contractors said it was confident that the two companies' PCB imports were properly regulated.

It had "no knowledge" of other, unregulated PCB imports. "If the NUS can point to instances where PCBs are coming in illicitly, we would like to hear about them."

The association said it had been campaigning for some time for tighter controls on waste imports to cbeck on "criminals," who were shipping PCBs into Britain without entering the details on customs documents.

At the TUC Congress in September, delegates voted to urge all trade union members to refuse to handle imported waste, as part of a wide-ranging commitment to the protection of the environment.

Stress plays strong role in absenteeism, study shows

By John Gapper, Labour Editor

THERE IS a strong relationship between absenteeism and the degree of stress individuals encounter from the way their work is organised and the amount of support they receive from others, a conference on occupational stress was told yesterday.

The Confederation of British Industry employers' conference in London heard that a study of 36 organisations had found strong correlations between the way organisations operated and staff turnover, absenteeism and feelings of well being.

Mr Tom Cox, professor of organisational psychology at Nottingham University, told the conference that the degree of help individuals received in solving work problems was an accurate predictor of absenteeism levels.

He said re-training and career development schemes were found to raise staff turnover, because they gave individuals greater opportunities. However, they also reduced the levels of anxiety and stress in the company.

Working in teams to solve problems also reduced levels of stress. Companies that were organised in this way had less absence from work and were also perceived as good organisations for which to work.

Mr Cox told the conference that absence due to stress cost industry 10 times more than industrial dispntes. British levels of ebsence were also double those in some European countries.

Mr Alistair Sinclair, British Steel's chief medical officer, said the corporation had found that a lack of planning in work organisation and the allocation of tasks could raise stress levels significantly.

In one incident, two employees — who were monitoring equipment worth £65m — had been subjected to 5,200 alarms during a single eight-hour shift. Each alarm required three bnttons to be pressed simultaneously to shut it off.

Mr Sinclair said British Steel was broadening its definition of occupational health and safety to include limiting stress.

Teacher training plan 'draws wide interest'

By David Thomas, Education Correspondent

INTEREST among education authorities in a new form of on-tbe-job training for mature entrants to teaching is strong, the Government claimed last night.

Under tbe Government's plans, people aged over 26 will be able to receive on-the-job training at a school, instead of spending a year at a teachers' training college.

Most of the teaching unions have opposed the scheme, known as "licensed teachers," largely because the licensed teachers need only two years of higher education.

Mr Alan Howarth, Schools Minister, disclosed in a speech last nigbt tbat 49 of tbe 97 Eoglish education authorities have applied for funds to train licensed teachers from next April.

Speaking to the annual conference of the Universities Council for the Education of Teachers in Oxford, Mr Howarth said many of the bids were submitted jointly by education euthorities and teacher education establishments.

He also revealed that 32 consortia of education authorities and teacher training colleges have bid to take part in the pilot phase of "articled teachers" — another government attempt to shake up teacher training.

Under tbis scbeme, new graduates will be paid a bursary to train on new, school-based Postgraduate Certificate of Education courses.

Tbe pilot pbase will be launched next September, and it will cover 600 graduates.

Both the schemes reflect the Government's interest in diversifying the routes into teaching — and ministers' dissatisfactioo with some aspects of traditional teacher training courses.

Mr John MacGregor, Education Secretary, yesterday issued new guidelines to the main hody respoosible for overseeing the quality of teacher training, the Council for the Accreditetion of Teacher Training.

Uoder the new guidelines, all teacher trainers will have to spend et least one term in a school every five years, from 1992 onwards.

Students training to teach in primary schools will also have to devote 100 hours of their studies to science, in addition to the 100 hours each already required for maths and English.

Beta faces derecognition threat at Thames Television

By Our Labour Editor

THAMES Television said yesterday it was considering derecognising the Broadcasting Entertainment and Trades Alliance, following a dispute over changes in working practices which the union has rejected.

Mr Mark Stephens, Thames director of staff relations, said derecognition of the union was "an option." He said the company was unhappy ebout the way in which Beta had consulted members before it rejected the new arrangements.

The company has written to leaders of Beta and the EETPU electricians' union saying that from Novemher 27 it will impose new working arrangements to allow greater rostering flexibility and cut overtime premium rates.

Thames is imposing an 8 per cent pay increase with the new arrangements, which epply to about 700 Beta members in clerical and studio services and 70 EETPU members. The eward will be backdated to July if the changes are agreed.

Mr Stephens said he had asked Beta to ballot its members on the changes, after two separate meeting at Thames' Teddington and Euston studios had rejected them.

The company was now considering whether to take further action over the consultation procedures, because it believed the result had been unrepresentative of the views of most Beta members.

Mr Vincent Feiner, Beta national officer, said about 300 Beta members had ettended the two meetings. He added the union had offered to hold further meetings in working hours.

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Saturday November 11 1989

A concert of Europe

THE DISMANTLING of the Berlin Wall is what the Atlantic Alliance has always wanted. So, too, have the great majority of East Germans. More recently, the Soviet Union gave a shove and now what is left of the East German leadership has gone along. The surprise is the speed with which it is all happening.

There is a lot else that the Atlantic Alliance has wanted over the years: free elections, for instance, and an end to military confrontation. The challenge now is to preserve the stability of the post-war settlement while adding the democratic dimensions. To meet it requires at least as great an understanding of the basis of the original stability as of current events.

The western countries have never had a single approach to the future of Europe. On the one hand, there was defence, exemplified by Nato. On the other, there was economic integration, expressed through the European Community. A political dimension straddled the two. The members of Nato were (most of the time) democracies. The Community was striving for political integration. But, on the whole, the concept known as the West consisted of overlapping strands rather than being a single entity.

Balance of power

In defence, Nato was paralleled in the East by the Warsaw Pact. Although there were times when the cold war threatened to become hot, there has generally been a balance of power that made war in Europe unlikely. That situation still exists.

In economic terms, the West won the competition with the East hands down. Comecon was never a patch on the European Community. Yet it was in the political arena that the West even more clearly had the edge. The East Germans have demonstrated that by voting with their feet. President Gorbachev had recognised it before by introducing elections and glasnost in the Soviet Union. Without his lead, it is improbable that either Poland or Hungary would be on their present course to democracy, and it is unthinkable that the East German regime would be granting freedom of movement.

These developments are wholly welcome. They are the most important in Europe since the end of the Second World War. The question arises, however, of how far Europeans should simply sit back and watch events take their course and how far they should seek deliberately to shape what may amount to the post post-war settlement.

There are three elements involved: security, economic prosperity and democracy. On security, the imperative is to advance at all possible speed towards further measures of arms control. The machinery for such negotiations exists: in Vienna, for cuts in conventional forces, and between Moscow and Washington for reductions in strategic weapons.

Needless provocation

In the interests of stability, the negotiations should be based on the maintenance of the present alliances. It would be an unnecessary provocation to Moscow to demand at this stage that East Germany should leave the Warsaw Pact. A counterpart would be for the Soviet Union to accept a continued American military presence in Europe. The aim should be security at a lower level of armaments and, incidentally, expenditure.

If East Germany were the only eastern country involved, it would not be impossible for it to join the European Community, though membership of the Warsaw Pact makes it hard to envisage. Whatever its political failings, it is not economically backward and is already a back-door member. The fact is, however, that other eastern countries are at a different level of development and could not become full members in the near future, even if the politics allowed it. Negotiations on various forms of co-operation have long been under way: they must now be accelerated, even if it means reconsidering what the nature and long-term objectives of the Community are. A looser, wider grouping may be a possibility; a two-tier Community of advanced and less-developed members is not out of the question.

There remains the question of democracy. The very existence of the East German state may be challenged. If the majority of the East German people were to opt for some form of union with the Federal Republic, the rest of Europe could hardly stand in their way. An important point, however, is that there are ways in which the two Germanys could come closer together that fall short of reunification: confederation, for example.

What the East Germans need now are free elections and time to sort themselves out. No one should seek to interfere in this process. But equally no one should overlook that some of the old certainties of post-war Europe have gone. The search now is for a new stability no longer based on the division of the continent.

FT writers on the implications of the heady pace of change in East Germany

Marching in the vanguard of history

The entire German people is called upon to achieve in free self-determination the unity and freedom of Germany
Preamble to the Federal Republic's 1949 constitution

The division of Germany has been a historical accident, born of Hitler's war and the post-1945 superpower confrontation, waiting one day to be undone. At breakneck pace that day now seems to be approaching.

Yesterday's wave of humanity washing through the Berlin Wall marks the crumbling away, almost literally overnight, of the ugliest symbol of the post-war world – and the pushing into place of the building blocks of a new Europe.

Rarely in history can an event desired by so many, deemed possible by so few, happened with such remarkable speed. The build-up of protests over the past month in East Germany, culminating in the decision on Thursday evening to open the emigration floodgates unleashes a torrent of questions over the future of central Europe to which neither East nor West has ready answers.

After 40 years of entrenchment in eastern Europe, Communist hegemony is beating a retreat almost everywhere. The reformist policies of Mr Mikhail Gorbachev, the Soviet leader, have broken through into Poland and Hungary, and are now invading the state set up in 1949 as the Stalinist mirror-image of the capitalist, US-inspired West Germany.

At the same time, with the shift to the East in West Germany's preoccupations, the forces binding Bonn to the European Community and Nato are almost inevitably changing and perhaps losing their strength.

The partition of Germany was the result not of a concrete policy by the victors of the Second World War but, rather, of the absence of one, as the anti-Hitler coalition split in cold war acrimony.

The phase of apparently stable division has coincided with unparallelled peace and prosperity in the western half, repression and constant pressure to emigrate in the East.

That era now appears to be passing. In 1945, the tide rolled in over Germany; now it is going out again. And shimmering on the sands of Europe is the outline, as yet barely discernible, of a new resurgent German nation.

The short-term consequences of the latest events in East Berlin are barely calculable. They span from a further huge outflow of refugees – which could conceivably destabilise West Germany – to a consolidation of a reformist East German government, or, most dramatically of all, military intervention by the Soviet Union.

Whatever happens in the next few weeks, the dominant magnetic force in Europe is the one pulling the Germans together over the Berlin Wall, towards a form of unity which is not yet defined.

Many of the leaders of the fragmented reform groups in East Germany – people who could be fighting free elections next year, and taking up roles in a future East Berlin Government – declare they do not want a reunited Germany.

Neither, most importantly of all, does Mr Gorbachev. He declared as recently as October 6 in East Berlin that an ending of German division could destabilise Europe.

However, the mass of the population in both East and West Germany probably broadly favours reunification – even though few, arguably, are ready for it.

Opinion polls in West Germany have regularly shown that 70-80 per cent of the populace supports the goal of unity, even though only a small percentage has thought it feasible in the foreseeable future.

Assuming the transition to free elections, political pluralism, and a more market-oriented economy goes relatively smoothly over the next year, a non-Communist East German state could soon be born. One of the problems in managing the transition is the utter lack of experience and organisation of the East German opposition.

Many in East and West would like a reformed East Germany to be viable on its own. But, with the same number of people – just over 16m – as West Germany's most populous state, North Rhine Westphalia, the new East Germany would turn inevitably to the 61m fellow-Germans in the West for political and economic support. The pressures to unite, perhaps in a form of federation, would be almost irresistible.

The conditions under which the Soviet Union might allow this to happen – perhaps the withdrawal of all foreign troops from German soil – will be of the utmost importance. Senior West German ministers admit the handicap of having little idea of Moscow's long-term intentions towards Eastern Europe in general and East Germany in particular. On one thing, however, they all agree – history is in the making.

Mr Egon Bahr, the Ostpolitik strategist of the opposition Social Democratic Party, said last week: "My God! What we are witnessing is history. There is no insurance against history."

Mr Gerhard Stoltenberg, the West German Defence Minister, who has played an important role in advising Chancellor Helmut Kohl over East Germany, in recent weeks, points to the meteoric rise of the East German people's new self-confidence to stand up to their own Government. "Those who attracted fear are fearful. Those who feared are now fearless."

A surge of German pride over the East Germans' revolt against the authorities has come to the surface. The left-leaning Frankfurter Rundschau, whose editor says he does not believe in reunification, declared in an editorial two days ago that "our compatriots" in East Germany were showing the world "the first German revolution with a chance of ending successfully."

There has been a similar switch in attitudes in East Germany. Mr Manfred Gerlach, the leader of the East German Liberals, closely allied for years to the ruling Communist Party (SED), has started to give interviews claiming to have been a closet reformist all along. Mr Otto Reinhold, one of the SED's main ideologues, now talks of a "market-oriented planned economy."

Mr Kohl is making clear that a commitment to free elections and economic liberalism will be the key to unlocking a big increase in economic support from the West. In view of the pressures from inside and outside, how long Mr Egon Krenz, the SED leader, who took over less than a month ago, remains in power is almost a secondary question. Attention is likely to focus on his possible successor. Mr Hans Modrow, the reformist party leader from Dresden, must have a good chance after his elevation to Prime Minister this week.

In West Germany a further flood of East German fugitives, following the 200,000 who have already arrived this year, could lead to a backlash. A squeeze on housing is already causing unrest in the electorate. If the economy flattens next year, a further flow of emigrés on to the labour market will complicate still further Mr Kohl's task of winning the general election at the end of 1990.

One leading SPD deputy this week commented that many of the intake from East Germany and other parts of Eastern Europe were likely to vote for Mr Kohl's Christian Democratic Union. But the far right Republicans Party, which is whipping up protests from less-well-off people unhappy about competition for jobs, flats and social security, could win an additional 500,000 votes, enough to tip the electoral balance, the SPD deputy said.

At least, however, Mr Kohl will be going into the election run-up in the strong position of having indirectly encouraged radical changes in East Germany. He said this week that he had no intention in giving in to any attempt by Mr Krenz to blackmail West Germany by subjecting it to an uncontrollable stream of refugees.

Confident that he has the better cards, the Chancellor said: "Why are the people leaving? In spite of the personality changes, it is because they have no confidence in the future." He added that a further exodus of doctors, nurses and skilled workers would damage Mr Krenz more than it would him.

Mr Kohl's decision to fly home hastily from a visit to Warsaw to attend a rally yesterday evening in West Berlin shows that the 1990 West German election campaign – likely to be dominated by reunification issues – has already got under way.

The Chancellor said he was anxious not to offend the Poles by breaking off his trip to Poland – but decided to go to Berlin all the same. Balancing sensitivities in both East and West in the coming months will present Mr Kohl with a political juggling-act of near Bismarckian proportions.

As for the East Germans, they are, for the moment, triumphant, if shocked, by success. The slogan on the lips of protesting East Germans on the streets of Berlin, Leipzig, Dresden and many other cities over the last month – Wir sind das Volk (We are the people) – has reverberated around Europe.

The last time there was mass unrest in East Germany was in June 1953, when a short-lived uprising was put down by Soviet tanks. Then, the East German poet, Bertolt Brecht, wrote sardonically that, since the East German Government had lost confidence in the Volk, the Government should now "dissolve the people and vote in a new one."

Now the tables have been turned. The Germans from East and West, who shook hands and drank champagne at the Wall in the small hours of yesterday morning, are in the vanguard of history. The world is watching which way they go.

David Marsh

Where the unimaginable happens every day

Germany enjoys, if that is the right word, credibility as a country which somehow knows its own destiny. Outside it, German reunification may be feared or applauded. Inside, in Bonn, Frankfurt and Hamburg at least, there is no dispute about its ultimate desirability. The question of how to get from A to B, and what it then means for the future of Germany and Europe, elicits much less of a sense of purpose and much more caution.

It was, for someone with no pretensions to expertise in Germany, nothing less than remarkable to be in the Federal Republic this week. Events in East Germany were the only topic of conversation – with civil servants, politicians, one ex-Chancellor, diplomats, bankers and writers; all these took place before the Wall was opened on Thursday night and all produced expressions of amazement at the pace of change.

Uncertainty creates unholy bedfellows. Helmut Schmidt, the Social Democrat former Chancellor who always knew his mind and was never afraid to suggest what others should think, was in East Germany last week and found that people "knew what they were against but less what they were for." He added: "As yet, they do not talk of German unity."

Gerhard Stoltenberg, now the Christian Democrat Defence Minister and for six years before a Finance Minister also given to certitudes, confessed: "We have to reassess East Germany nearly every day." He had thought that reunification would not be on the table until the next century "but now it is here." But he wants East German "self-determination" to come first.

Egon Bahr, still in the Bundestag for the Social Democrats and architect of Willy Brandt's Ostpolitik, agrees, which he rarely does with Mr Stoltenberg. So does Ms Irmgard Adam-Schwaetzer, the Free Democrat Foreign Minister of State, who suggests: "All this talk of reunification is not very relevant."

For all Helmut Schmidt's known contempt for the leadership qualities of his successor as Chancellor, he would not criticise the substance of what Helmut Kohl has done to date, including Wednesday's call for free elections. The Federal Government, he said, has got it "more or less right" in integrating those refugees who have already crossed while not overtly encouraging an ever-greater exodus. He would do more for East Germany – for example, in the creation of a German-German development bank, funded mostly by Bonn but possibly with European Community participation – but still feels that its evolution, and Bonn's role, should be on a "step-by-step" basis.

Such an approach is echoed universally if not in precise detail. Egon Bahr talks of East Germans becoming "owners" of their own country through the reform process rather than being simply "the governed." Ms Adam-Schwaetzer says it must be left to the East Germans to decide "if they want to be the 12th Länd."

Eckhardt van Hooven, from the supervisory board of Deutsche Bank, accepts that East Germans are fighting for freedom – "but not necessarily for capitalism." He thinks the Federal Republic can help a lot in this respect, but "Kohl can't tell Germans that we will give money to every Communist in sight." Aid to East Germany, he suggests, may have to be more conditional than, for example, to Poland.

The European dimension looms large. For Joachim-Gottfried Bitterlich, of the Chancellor's office, events in eastern Europe make the EC's Strasbourg summit next month even more "vital" and it should be used as an opportunity to make the Community even more dynamic, requiring, perhaps, another Kohl-Mitterrand tête-à-tête beforehand. Schmidt seems to think France can help anchor West Germany in the Community. Van Hooven says: "Now it behoves our European friends to make us feel more European," rather than the other way round.

Helmut Schmidt finds "no symptom" of a German tendency to "walk a line" between East and West, and by implication away from the EC, but warns that "bickering" over the details of Community integration – such as monetary union – would not be "helpful." He thinks Strasbourg should come up with a programme to help revitalise eastern Europe, under French leadership, supported by the Federal Republic and "hopefully with the UK – but you never know."

It was Egon Bahr, however, who provided the most carefully wrought future scenario, involving three trains more or less moving in the same direction at similar speeds: the arms control process between the superpowers, the strengthening of the EC, and the reform process in eastern Europe. The end product might be, perhaps early in the next century, a dismantling of the two alliances, Nato and the Warsaw Pact, and their replacement by what he calls a European Peace Control Organisation, essentially a monitoring force.

In the meantime, West Germans acknowledge that the trickiest task in the immediate future will be to persuade their brothers in the East that their freedoms might not include that of association; that for East Germany to leave the Warsaw Pact prematurely might jeopardise what now seems attainable.

Schmidt, Bahr and Stoltenberg think that, whatever happens to troop levels, Nato's role will be, if anything, even more important in the next few years. Ms Adam-Schwaetzer put it best: "We cannot imagine the Soviet Union giving East Germany away." But then, the unimaginable is now an everyday event.

Jurek Martin

The barrier between unhappy Europe and its lucky sibling

W.L. Luetkens, the FT's Bonn correspondent in Germany from 1958 to 1969, recalls the creation of the Berlin Wall

The worst about the Berlin Wall and all that went with it was how easy it was to accept, however reluctantly. When the Wall went up on August 13 1961, it was a gaping wound. Soon it had become yet another scar in a city still scarred by the war. Graffiti spread over the grey stone slabs – only on the western side of course – many of them as apolitical as those on the London Underground.

The Wall also became an uncomfortable reminder of how an unscrupulous regime can play upon people's fears. Journalists harder boiled than the then FT correspondent in Germany may not have felt it: but whenever he crossed the Wall or the barbed wire on his way back to the West, he felt a twinge at leaving the people of the unhappy half of Europe to return to the lucky part. But there was also the nagging thought that some East German, desperate to get out, might have crawled into the boot of the westerner's car for a lift to freedom which would have landed both him and the visiting journalist deep in the soup.

While the Wall was still going up, a group of British reporters crossed over to the East, to find out whether it was intended not only to keep East Germans in, but also to keep out citizens of the western powers. So the party went eastward, rounded a block of buildings and went west again at the same checkpoint. The very large police woman who checked papers looked contemptuous: "Did you want to show you had guts?" The party put on bold faces.

It was not so easy for East Germans and East Berliners, though many hundreds did manage to get out. Some barged across checkpoints in their cars; some tunnelled their way under the Wall; a group of teenage boys clambered over the Wall and its barbed wire defences for little more than a dare. The most elegant escape was that of a pole vaulter who leapt.

The FT saw the business implications at the time: the drying up of a stream of East German refugees would end the West German "economic miracle." Did it? At any rate, the building of the Wall coincided with a West German election campaign. Dr Konrad Adenauer, the Christian Democratic Chancellor, did himself no good by not hurrying to the scene (though he did, as always, go on to win). His Socialist opponent, Mr Willy Brandt, then Mayor of West Berlin, grew into a national figure, enabling him to become Chancellor a few years later. In August 1961, when tempers were running high, and when even a slight miscalculation might have caused a grave incident, Mr Brandt calmed his West Berliners with a masterly speech echoing their indignation yet gently dissuading them from marching to tear down the Wall. As he finished rain began to fall and the crowd dispersed.

Graffiti spread over the grey stone slabs – only on the western side, of course

During the following years the Wall became something of a tourist attraction. A special viewing platform was built on the western side to give visiting big shots an instructive glance into the communist chamber of horrors beyond. When it was the turn of a certain British Prime Minister, he clambered up, stared eastward, statesmanlike; then, hearing the click of a photographer's shutter, did a smart about turn and stared at the camera, statesmanlike as before.

The platform became something of a joke in West Berlin. Of visiting bigwigs from the poorer countries it was said: "Go East Berlin, admire Wall, get aid. Then go West, deplore Wall, get more aid." Not very funny, but then, what could be cheerful about that Wall except its complete disappearance?

Yet in a wry sort of way, even the Wall had another aspect to it: the best thing about it was that in the long run it proved unacceptable after all.

MAN IN THE NEWS

Roger Poole

Union advocate of 'tender loving care'

By Fiona Thompson

There was no time to call an ambulance when Roger Poola was whisked into hospital a couple of months ago with all the symptoms of a heart attack. He was simply bundled into a colleague's car.

So he did not have the chance to enjoy the tender, loving care he ascribes to the ambulance crews whose battle he is now fighting. Mr Poole leads the trade union side in the dispute which is making the health service look increasingly poorly – temperature rising, no sign of improvement – and which has left London's emergency ambulance service in the care of military paramedics and the police.

There is something of the 1960s in the notion of tender loving care. And in Roger Poole for that matter.

While many of his generation are now faintly embarrassed by their raw idealism then, Poole, at 43, still clearly relishes the period and regards it as formative. After leaving school in Bristol at 15 with no qualifications, followed by an "incredibly boring" factory job on a capstan lathe, two years in a garage then some time on the security staff at Bristol docks, Poole wandered around north, central and south America for a faw years with a group of friends.

Despite the double decker bus they were going to take around the world sinking in a river in Peru, the experience was plainly a heady one and has marked him.

"It was the Vietnam war, yeh?" he says, with that disconcerting habit he has of ending sentences with a question. Young people ware breaking away from traditional ties, making their own way in life.

"Wa were perhaps the most fortunate generation that has ever lived. There was plenty of work so we had money in our pockets, no fear of unemployment, and incredible hope for the future. We thought we were really going to change the world."

Is he disappointed? "Not entirely." He believes tha wheel is about to turn full circle. "People from that generation are now aged between 37 and 46. If enough of us have kept enough of those values, well, we're just getting our hands on the levers, yeh?".

But the levers in this long running dispute are being firmly pulled by Mr Kenneth Clarke, the Health Secretary. That said, be appears to have set them on a collision course.

After eight long weeks, both sides are pretty much where they were when they began. The unions say the 6.5 per cent pay offer must be improved, the Government will not budge on the money or put the issue to arbitration.

But while both sides shout, the non-urgent side of the ambulance service, representing 85 per cent of total work, is fast grinding to a halt throughout the country, and the increasingly precarious state of London's 999 amergency service looks like apreading beyond the capital.

London ambulance staff have been suspended withont pay for refusing to operate their radios in the way management wishes them to, but they are remaining on post and insisting they are available to answer emergency calls. While troops, voluntary agencies and the police are answering many of these calls, the authorities have admitted that ambulance crews are still being sent out and the unions claim the stopgap forces are losing their grip.

'The ambulance staff did not want to take action. We went through three ballots'

It is debatable whether quibbling abont pressing or not pressing a radio button – the cause of the suspensions in the capital – is the right way to conduct a dispute. But hoth sides know London is where pressure must be kept up.

The country'a 22,500 ambulance workers are seeking 11.4 per cent, to give them parity with a fifth year firefighter, and a pay formula similar to those enjoyed by the police and fire services which would trigger antomatic pay rises. in return the unions would sign a no-strike deal.

Mr Clarke, in his constant television appearances, frequently gives the impression of poaitively loathing Roger Poole, and his union, the National Union of Public Employees (Nupe). And while five unions are involved in the dispnte, it is Nupe that the Health Secretary constantly singles out for criticism.

Mr Poole regards Mr Clarke as "a bit of a street fighter, he loves a bruising battle," but does not see himself in that role at all – despite his love of dark suits with wide stripes that bear more than a passing resemhlance to gangland America.

"I admire Clarka'a intelligence and his willingness to sit down and have an open argument, but he is afraid to stand up to Mrs Thatcher.

"The NHS has got to have more money. If Clarke was prepared to stand up and fight for those resources we wouldn't have the problems we do now."

Mr Poole has been a trade union official since 1971 and plainly has a deeply felt admiration and respect for the nurses, ambulance staff and ancillary health workera he has represented since 1982.

"The ambulance staff did not want to take industrial action. We went through three ballots." His members, be says, were asked to make a choice they should never have had to make – between their patients and their families. But what alternative faced people who could take home less than £150 after five nights plus weekend work?

A qnalified ambulance worker earns £10,093, against a firefighter's £12,047 or a police constable's £11,676.

interviews with ambulance staff reveal the guilt felt about the people suffering as a result of the overtime ban and ban on non-urgent work. But there has been remarkably little public criticism of the ambulance workers. Even some Tory backbenchers have expressed support for their claim.

The Government argues that the ambulance workers, alooe of the three emergency services, should not have a pay formula hacause the vast majority of their work is non-urgent, taxi, work. The unions believe that all people needing transport to hospital as out-patients should have trained ambulance staff carrying them.

While acknowledging there was an element which could be separated off, Poole insisted that the care of the old, the mentally ill, mentally handicapped and severely disabled "could not be hived off to taxi firms."

As each week passes, the attitude of ambulance crews is hardening dne to their own frustration and what they see as the Government's intransigence. Clearly a solntion must be found and quickly.

Richard Waters examines the Serious Fraud Office

Still to win a victory

The Serious Fraud Office badly needs a win. Like a football team after a shaky start to the season, the fraud team set up 19 mooths ago to spearbead the figbt against serious or complex fraud cases has yet to win a hig case. Until it does, there must be serious doubts about its effectiveness.

Althougb yet to obtain a major cooviction, the SFO has been lavish with its charges. Mr Ernest Saunders, chairman of Guinness, faced more than 50 of them (legal restrictions preveot reporting of wbether this list of charges has been whittled down or left as it is for tbe one or more trials due next year).

It has obtained a reputation in the City for taking a broad spproach to criminal charges, rather than trying to gain convictions on tightly drawn technical offences.

If there was any doubt about the SFO's tough prosecution policy, it should have been dispelled hy events stemmiog from the Blue Arrow affair this week.

No fewer than 11 City bankers, stockbrokers and lawyers were rounded up in the now-familiar dawn raids favoured by tbe fraud squsd officers. All were charged with conspiracy to defraud, with eight of them also facing charges of conspiring to break section 13 of the Prevention of Fraud (Investments) Act, which carries a maximum penalty of seveo years in prison.

The charges relate to the way the failure of a £837m rights issue for Bloe Arrow, and a subsequent attempt to place shares with institutional investors, was kept from the market. In circumstances reminisceot of the Guinness affair, City professionals are being charged with manipulating the market in a company's shares at a crucial moment in its corporate life – although the Guinness case also saw charges extending beyond the narrow confines of the City.

Tbe Blue Arrow charges could be make or break for the SFO. Failure in this, one of its most amhitious prosecotions, and ooe of its first major cases mounted from scratch, would raise serious doobts about its abilities. It might also encourage the City to think that the practices at the heart of the charges, involving allegedly inducing investors to subscribe for shares on the basis of "misleding, false or deceptive" statements, are merely unethical.

Paul Murphy

Mr Christopher Stainforth, former corporate finance director of Phillips & Drew, who is one of the 11 City figures facing criminal charges in the Blue Arrow case

This is not the first major case to catch the public eye that the SFO has been responsible for from the start. The investigation Into Barlow Clowes was launched in the summer of 1988, soon after the fraud office came into being. However, the Blue Arrow charges strike deeper into the heart of the City than this, implicating a raft of senior executives from two leading City houses, including (unusually) the houses themselves.

Experience with recent cases illustrates the difficulties the Fraud Office has had with the other major investigations on its hands. These include:

● The acquittal this summer of the two defendants in the Alexander Howden reinsurance trial, Mr Ian Posgate and Kenneth Groh, marked the end of a case stretching back to 1982. It signalled the failure to gain a conviction in what was one of the most notorioua episodes in the City in the first half of the 1980s, and one of the major cases to prompt the extensive shake-up of the Lloyd's insurance market.

● The delay in bringing the Guinness case to court. Charges were brought in 1987, and the court case is due to begin early next year. The pre-trial bearings have already become the subject of reporting restrictions, making it impossible to report bow the SFO plans to present its bugely complex case to the jury (or juries, since their may be more than one trial to make it easier for the case to be explained to an inexpert jury).

● The investigation into the Honse of Fraser takeover of Harrods. The SFO has heeo frustrated in its attempts to investigate the involvement of the Al Fayed brothers, owners of House of Fraser, because of difficulties in gathering information abroad. Problems with handling international investigations bave also been singled out by SFO director Mr John Wood io another case, that of Alexander Howdeo.

● Charges resulting from the Barlow Clowes investigatioo, begun oearly 18 months ago, are not expected to come to court until next Spring.

After tbe optimism witb which the SFO was launched, tbe list of peoding or lost cases is dispiritingly long. The creation of the office was one of the proposals that sprang from Lord Roskill's Fraud Trials Committee, whicb reported in 1986. It was intended to speed up the investigation and prosecution of complex or serious fraud cases.

The Office, with its 40-odd lawyers and accountants and its close relationship with the City of Londoo Police fraud squad, is meant to provide the multidisciplinary skills oeeded on such cases. It also has powers to require people to give evideoce (these were first tested this summer, when an accountant was jailed for refusing to give information).

Critics, however, claim that the system is still fatally flawed. The SFO does not employ its own policemen (as eovisaged hy Roskill) but works aloogside fraud squad officers.

More fundamentally, Roskill's suggestion that juries in complex fraud trials should be replaced hy a panel of expert assessors has never been takeo forward, leaving it to inexpert juries to pass judgement on the legality of what can become highly complex financial cases. The officers who prosecuted the Howdeo case, and those poodering how best to preseot the evideoce at the Guinness trial(s), are likely to feel that this makes their jobs considerahly more difficult.

Agaiost this backgrouod, Blue Arrow is likely to be a landmark for the SFO. Not surprisingly, its officers are keeo to speed up the case. Much of the evideoce gathered for the prosecutioo will be presented to the lawyers acting for the defendants as early as next week. The defeodants come back to court in the middle of Jannary.

Glven tbe questionmark hanging over its abilities, the SFO's prosecutors will already be making preparations for one of the most important cases of their careers.

LETTERS

Equal opportunity in the employment market

From Mr Linbert Spencer.

I was heartened to learn from Michael Smith's article ("A handsome return for Rover on recruiting ethnic minorities," Novamber 8) that the Rover Group is so active in recruiting minority ethnic staff to its workforce. Three points, however, are worth noting.

The assertion that companies need to monitor the composition of their workforce before they know how many hlack people they employ implies that they cannot see for themselves that their staff does not reflect the catchment area from which they recruit. I suggest thet monitoring is necessary as a means of checking progress against pre-set goals, hut is not a prerequisite to deciding that change is necessary.

There is also an implication in the article that black people lack skills and ability. Various research challanges this, including a Commission for Racial Equality report cited by you in your graduate recruitment survey of November 1 – which showed, for instance, that in 1985, 72 per cent of ethnic minority graduates did not receive a single job offer in their final year, while the corresponding figure for white students was 53 per cent.

Insufficient prominence was given to the all-round benefit to Rover contributed by its black staff, or indeed, to the overall improvements in staff selection methods and human resource policies and programmes.

Linbert Spencer,
The Fullemploy Group,
County House,
190 Great Dover Street, SE1

UK insurers in Europe's market

From Mr Peter Smith and Mr Nick Caplan.

Sir, We must take issue with Patrick Cockburn's comments on the price advantage of Britisb insurance prodncts in European insurance ("Taking a cautious view of the single market," November 6).

While be rightly stresses the need for both life and non-life insurers to establish distribution channels for their products, we cannot agree with the implied conclusion that overcoming this obstacle will open the door to certain British success in penetrating the European market.

The alleged price advantage of British life and non-life products is often mentioned in this debate. In reality the matter is nothing lika as clearcut as your articla implies. Price differences between countries for similar products may arise for many reasons – differing levels of cover, claims frequency, or tax treatment of insurer's reserves.

The real test of wbether Britisb insurers will hs able to undercut local insurers in other markets is the current profitability of those local companies, and here the evidence is not encouraging. Indeed, oor leading composites have been represented in their non-life activities in most Enropean Community couotries for decades, and have found profits elusive.

We do not wish to decry the opportunities for expansion into Europe; they are great. British insurers have more international experience than most of their continental competitors – and an invaluable tradition of innovation. But no one in the British insurance industry expects to win a slice of the market on price alone.

Peter Smith,
Nick Caplan,
Ernst & Young,
Becket House,
1 Lambeth Palace Road, SE1

Limits on pensions self-investment reduce consumer choice

From Mr R.A.J. Waddingham.

Sir, It is sad that the Government has indicated that pension schemes must limit self-investment in the parent company to 5 per cent. Eric Short reports that the limit includes the total of company shares, loans to the company and property investments leased to the company ("Small pensions scheme at risk," November 9).

We thought the Government's priority was to give individuals more choice over the investment of their savings. Since membership of any pension scheme is now voluntary, wby should it matter if the employer wants to link pension benefits to the future success of the company in question?

Self-investment is rightly restricted for "contracted out" schemes. Perhaps self-investment ought to be limited also for any *final* salary pension scheme, where the employer's pension promises are not related to the company'a share value or future performance. However, why should this be necessary for a money-purchase scheme?

Self-investment is not frowned upon in some countries: indeed it has been used to the mutual henefit of employees and employers in West Germany.

Furthermore, will similar restrictions apply to personal pension policias? Only last month, Inland Revenue Memorandum No 101 gave details of how bolders of personal pensions may now choose their underlying investments, with no limits on self-investmant. Will this now be overruled so quickly, or will thare be another unfortunate difference between company schemes and personal pensions?

Can we also expect another directive from the Government that abare option schemes, inclnding the American-style, employee share ownership plans (which, we were told in March this year, were to be encouraged) must now not invest more than 5 per cent in the parent company's stock? Why ahould this form of voluntary long-term saving be any different?

The Government's thinking is flawed.

R.A.J. Waddingham,
Barnett Waddingham & Company,
Silver Springs House,
Over The Misbourne,
Denham, Middlesex

More encouragement needed for employee share ownership plans

From Mr Ian Taylor MP.

Sir, Barry Riley's "Long View" article (November 4) questioned the significance of the trend to wider share ownership. Yet I am sure be would agree that any government which has created the conditions for the number of private shareholders to increase from 3m to nearly 12m should be justifiably pleased.

Nevertheless, be is right to point out that this buge increase is essentially precarious and disguises tbe tiny number of shares that many investors have purcbased, often on a preferential basis in privatisations. It is also by itself an insufficient and untargeted method of giving participation in capital formation to employees.

It is precisely for these reasons that several of us in the House of Commons have been urging the Government to do all it can to promote employee share ownership, with growing success. For the real revolution is not just the concept of owning a few shares, but giving employees an opportunity to create significant capital by belonging to a share scheme over a number of years in the company for which they work. This can be done through favourable share saving and option schemes. But, most importantly, the corporate tax reliefs in an employee share ownership plan (Esop) mean that because employees do not pay cash for shares distributed under these plans, they are receiving capital from the fruits of their labour. (A good Conservative concept for the 1990s.)

The Government has begun to meet the challenge of providing the right legal and fiscal framework for employee share ownership. It should now make more effort to combine the Esop principle with important privatisation issues. The result would be that instead of today's employees gaining once-off preferential treatment, there would be a continuing scheme for the long-term participation on a significant scale of present and future employees in the capital growth of the business.

What a pity that Jaguar did not have an Esop for, say, 10 per cent of its share capital, as there would be more workers around now to praise capitalism – and the Government.

Ian Taylor,
House of Commons, SW1

UK COMPANY NEWS

Hot summer behind rise in Unilever's third quarter

By Lisa Wood

NORTHERN Europe's long bot summer helped boost the third quarter pre-tax profits of Unilever, the Anglo-Dutcb consumer goods and food group which yesterday announced pre-tax profits for the period of £427m, a 10 per cent increase on last year.

The results bring pre-tax profits of £1.214bn for the nine months, an increase of 13 per cent, on sales of £14.2m, also up by 13 per cent. Turnover for the third quarter rose by 16 per cent to £5.05hn.

Operating profits in tbe period was higher at £478m (£410m) with new acquisitions, Including Faberge/Elizabeth Arden and Calvin Klein, making a significant contribution, according to Unilever.

Third quarter interest charges were £59m (£36m). During the last year the company has spent £1.85bn on acquisitions with disposals contrihuting £80bn.

Attrihutable profits for the third quarter wera £249m (£216m) before adjusting for exchange differences. After adjusting at end-September exchange rates the increase in the attributable figure was 22 per cent in sterling, 15 per cent in guilders and 9 per cent in dollars.

Earnings per share for the third quarter increased to 14.14p (11.57p) bringing the tally for the nine months to 39.4p(32.3p). The interim dividend is raised to 4.51p (3.89p).

Unilever said that in Europe an increase in operating profits to £283m,included another excellent result from the frozen products division, particularly ice cream.

in North America operating profits of £105m benefited both from the effect of acquisitions and contributions from the personal products and detergent businesses.

In the rest of the world there were good performances in Brazil and India.

● Unilever yesterday announced two acquisitions. Fima, a company jointly owned by Unilever and Jeronimo Martins in Portugal has acquired Victor Guedes, a prodncer of olive oil and other tahie oils, for an undisclosed sum. The Portuguese business has sales of £14m.

The company is also buying from the Valentino group the worldwide exclusive licence to ose the Valentino brand for perfumes and other cosmetics. The products will be marketed by Elizabeth Arden.

See Lex

AMP attacks Pearl again

By Ray Bashford

AUSTRALIAN Mutual Provident has renewed its attack on the board of Pearl Group, the UK life assurance cnmpany whicb is facing a £1.1bn takeover offer from the higgest life company in Australia.

In a letter to Pearl shareholders announcing a 14-day extension to the offer, Mr Ian Saimon, the chief general manager of AMP's internatinnal operations, said that management failures have led to a "severe decline" in Pearl's fortunes.

"Pearl has suffered a severe decline over the last decade. Pearl's attempts to reverse this have been inadequate. We believe that, if Pearl is left to itself, its long term decline will continue to the detriment of shareholders," Mr Salmon said.

Pearl is expected to release its final defence document next Tuesday. That will rest heavily oo an appraisal value of the company's future profits and assumed future business.

AMP said that appraisal values were an inaccurate measure of a company's potential, based on a series of assumptions. "The only true realisabla value for your shares in Pearl is the price that ynu can obtain," AMP said.

Mr Einion Holland, chairman of Peal, replied that the Tuesday document would contain a considerable amount of new material, including an appraisal value. "These Australian freebooters are in for a few surprises," he said.

The offer of 605p a share was launched early last month by AMP while holding an 18 per cent stake. Pearl shares have been consistantly above the offer price, creating speculation of a higher offer.

AMP will announce on Monday the level of acceptances, which is expected to be low.

Candy picks up near 10% stake in Lec Refrigeration

By Nikki Tait

CANDY Elettrodomestici, part on the Italian Candy gronp and a large producer of domestic washing machines, bas snapped np 9.8 per cent of Lec Refrigeration, the UK refrigerator mannfacturer.

The shares were bought for Candy via Credito Italiano International, bnt the Italian company stressed the holding should not be seen as a prelude to a full hid.

Yesterday, Lec shares rose sharply from 285p to 320p, at which level the Bognor Regis-hased group is capitalised at £19.4m.

Yesterday, Lec said it had heen visited hy Candylast month, but stressed that was not unusual.

"We are always prepared to talk to anyone in the industry," commented Lec. It added that talk of any shareholding link-up did not arise during the visit.

Any hidder for the company would face considerahle obstacles. Lec says tha Purley family controls over one-third of its shares, and that once directors holdings are added in the figure rises to over 40 per cent. The Prudential also owns almost 10 per cent.

Lec said it did not know when or at what price the holding had been bought, but added that it did not think that Candy had been on the register in a smaller way for any length of time.

There were some rumours yesterday that Candy had been hidding institutional holders for stock at levels well above the market price.

Althongh an Italian-based group, Candy started appliance mannfacture in the UK in 1982, when it saved and turned rounnd the Kelvinatnr refrigerator business.

Williams gets go-ahead for Pendragon demerger

By Nikki Tait

Willisms Holdings, the industrial conglomerate, yesterday gained approval from its shareholders for the demerger of its Pendragon motor distribution husiness.

As a result, letters were sent out yesterday to shareholders, informing them of their entitlement to shares in Pendragon, and the dealing facilities available if they do not wish to remain as long-term holders.

Shares in Pendragon will start trading on Monday.

Yesterday, analysts were somewhat wary of predicting the level at which they might npen, with the nnmber of existing Williams holders who might wish to sell and the degree of corresponding hoying support very hard to predict. However, the consensus seemed to be that the price, on fundementals, should settle at around the 85p-90p level.

See Weekend pII

Transaction leaves a bitter taste in the mouths of City executives

Institutions may seek bid for Mountleigh

By Paul Cheeseright, Property Correspondent

INSTITUTIONS with equity holdings in Mountleigh, the property group, havs been engaged in private and informal talks on the possibility of conjuring up an offer of 200p a share from Mr Nelson Peltz and Mr Peter May, the American eotrepreneurs.

Mr Peltz and Mr May last Wednesday paid that sum for the 22.5 per cent bolding of Mr Tony Clegg, then the Mountleigh chairman and chief executive, in a £70.4m deal, took over Mr Clegg's position on the board and installed fresh non-executive directors.

Altbough there is no questioning of Mr Clegg's right to sell his stake to whomsoever he wished, the transaction left a bitter taste in the mouths of some City executives.

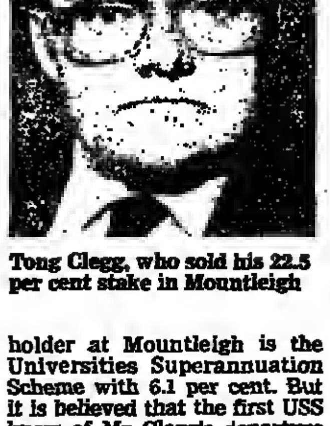
It also increased uncertainty about the future of Mountleigh, a company which in any case had heen seeking to change from a property trader to an investment and development company.

In the aftermath of the Clegg deal, the Stock Exchange has been asked to stage an enquiry into the sharp movements of the Mountleigh share price last Tuesday and Wednesday before the announcement. Over those two days the share price rose 34p to 163p.

From the Stock Exchange point of view such enquiries are routine. it monitors share price movements before and after significant equity transactions as a matter of course. However, there is concern at Mountleigh, and among its professional advisers, that its request fnr a temporary suspension nf trading in the shares last Wednesday morning was turned down.

But the concern of the institutions is more wide-ranging both because Mr Clegg has sold his shareholding twice at prices higher than those prevailing on the market and because Mr Peltz and Mr May have made it clear that Mountleigh will become much more diversified.

The main institutional shareholder at Mountleigh is the Universities Superannuation Scheme with 6.1 per cent. But it is believed that the first USS knew of Mr Clegg's departure from Mountleigh was when it read the information on the screen.



Tong Clegg, who sold his 22.5 per cent stake in Mountleigh

Talk among the institutions on Thursday and yesterday hes centred on the prospects of calling a general meeting. This could be done on the request of holders of 10 per cent of the equity. If, it is suggested, Mr Peltz and Mr May could be voted out of their positions on tha board, then they might be induced to make a general offer for the company.

Although the idea seems to be gaining sympathy, there does not seem to be a single institution which is prepared to take the lead.

Chances of success would seem to be slight. Mr Peltz and Mr May have made it clear they do not intend to make a general offer, although they might change their minds if somebody alse acquires more than 10 per cent of the equity.

Further, Mr Clegg's stake in Mountleigh is said to have been discreetly available for purchase some time before Mr Peltz and Mr May moved in. Yet there was not a queue of institutional buyers.

Microvitec warns on trading

By Clare Pearsun

SHARES IN Microvitec, the USM-quoted computer monitor manufacturer, fell 6p to 26p in response to a warning that the downturn in second half trading had turned out to be more severe than expected.

An accelerated slowdown in orders from British Telecom for terminals for its customer services division appeared to be at the heart of the problem. Sales were unlikely to be more than £14m in the second half, against £18.2m in the first.

Microvitec said cost-cutting measures pnt in train were unlikely to be reflected in the profit before the second half of next year. It was looking for further rednctions in overheads after making 60 people redundant since August.

The company warned of difficult trading conditions in the second half when it announced interim pre-tax profits in August. But Mr Dennis Holt, finance director, said yesterday he thought City analysts had not at that stage factored these difficulties fully into their full-year profits forecasts.

Tha company launcbed a new monitor last month to help win further original equipment manufacturer contracts. No such contracts are imminent.

F&C seeks £110m via deb issue

FOREIGN & Cnlonial Investment Trust yesterday announced the issue of £110m of debenture stock 2014 with a coupon of £11.25 per cent. The issue, the largest ever by an investment trust, was stepped up from £100m earlier in the day.

The stock will be issued at 99.68 per cent tn give a gross redemption yield of 11.292 per cent. Interest will be payable balf-yearly on December 31 and June 30 with the first payment of £1.40 per cent due on December 31 1989.

Dealings are expected to start nn November 13 fnr deferred settlement on November 17.

Net proceeds of the issue will be used tn repay short-term loans and to take advantage of opportunities in securities markets with a view to enhancing net asset value in the medium to long term. Some £9m of the net proceeds of the stock will he lent on to F&C Smaller Companies, another investment trust, in tha stable.

Cazenove and Company, the brokers to the issue, may use stabilisation methods, common in the Euromarkets, to maintain the market price of the stock.

See Lex

Bookmaker coming to USM

By Clare Pearson

SURREY GROUP, a licensed bookmaker, is becoming the latest recruit to the Unlisted Securities Market via the complex route of an introduction, placing and rights issue.

The company has heen formed by a reverse takeover worth £4.5m of Hestview, which trades under the name Surrey Racing, by Berwick, a property and cash shell company.

Its shares have been traded under the Stock Exchange's matched bargain rnles and it has a wide spread of private shareboiders.

The Hestview vendors are realising £500,000 by means of a vendor placing at 10p per share, while Surrey Group, the enlarged company, is raising £2.5m net through a one-for-six rights issue of 32.36m shares.

Surrey currently has 34 betting shops, chiefly in the south east of England although nine are in Scotland.

The company said the installation of all-weather tracks for horse racing, live satellite broadcasting of greyhound gracing, and the increase in betting on other sporting events were factors that should help it develop.

With an average of 18 shops, Surrey Racing made pre-tax profits of £1.2m in the period ended 28th January 281989, on turnover of £14.55m. In 1988, when it had an average of 6 shops, it incurred a loss of £68,000 on £10.67m.

Unilock advances 54% to £1.4m

By Jane Fuller

UNILOCK Holdings, which makes and installs office partitions, increased its pre-tax profit hy 54 per cent, from £910,000 to £1.4m for the six mooths to September 30.

With turnover up hy 18 per cent to £14.88m and earnings per share to 3.94p (2.7p), Mr John Bardwell, finance director, said this represented a sustained improvement over the two years that the present management had been in control.

Mr Randal Warner, chief executive, complained that the company's share price – which rose 5p to 62p after the announcement – was heing held back by association with the huilding recession, and this limited its acquisition plans.

Although Unilock derived as much as 90 per cent of its business from new build, history had shown that when this fell back, refurbishment came up. Margins on the latter were better because the company acted as a major contractor.

It has made nna recent acquisition – in France last month for abont £1m cash, which still leaves it with more than £1m to spare.

The company has experienced a turnround since a profits fall in 1987-88. More than £3m has been invested over the past 18 months, including doubling capacity at the St Leonards factory, which makes office partitions and a new line in access floors – the type that can accommodate miles of cabling.

Orders were np 55 per cent at Unilock Partitions, which accounted for two thirds of its business.

The biggest selling product was the Mistral range, launched 18 months ago, which was also suitahle fnr the French market. This year it had brought out the more up-market Signature.

A new factory for nffice screens was being leased at Andover. It would cost about £250,000 to equip and was due to open next summer, he said.

The HCP cladding subsidiary, which made a loss last year, had returned to profit.

Aquascutum falls to £616,000

Profits of Aquascntum, the clnthing manufacturer and retailer, fell by £193,000 tn £616,000 pre-tax for the half year to July 31. This followed a £443,000 downturn for the second six months of the previous year.

Half year turnover was virtually static at £23.58m (£23.6m). Earnings emerged 0.3p lower at 1.44p, after tax nf £173,000 (£278,000). bnt the interim dividend is being maintained at 1p per 5p share.

Dixons' strategic move into Los Angeles area

By Maggie Urry

SILO, THE US subsidiary of Dixoos, the electrical goods retailer, is huying the leases of 21 shops in the Los Angeles area and five in San Diego, California. Tbe group also announced a property deal in the UK.

The shops, thought to he loss-making, are being bought from the Federated Group, a subsidiary of Atari, the electronic products manufacturer. Dixons said it would not disclose the value of the purchase until the deal was completed; however, analysts estimated tbe cost at around $15m (£9.46m).

The deal would take Silo into the important Los Angeles market, the biggest and most profitable in the US. It would also bolster the chain's presence in San Diego where it has 11 stores already.

Dixons said trading was still tough in the US, as in the UK, but it could not pass up the chance to make a strategic move into the Los Angeles area.

The shops will be refurhished and reopened as Silo stores, though tbe process could take six months as eacb individual shop lease had to be assigned to the new owners.

In the UK Dixons has sold two properties for £66m, owned by its property subsidiary. The group developed both properties; York House, an office block near Marble Arch, central London, and Queens West Shopping Centre, in Cardiff.

The properties are heing hought hy a special vehicle company, Monhouse, and Dixons has a four-year one-way option to huy them back at cost price, for which it will pay an annual option fee.

Mr Robert Shrager, Dixons' finance director, said he expected the properties to show a substantial increase in capital value over the next four years, as rent reviews come up, and through the option Dixons would receive the bulk of the capital increase, without being exposed to any downside risk.

The deal will free capital to be invested, probably elsewhere in the property division.

Guernsey paper staff oppose Guiton bid

By Jane Fuller

The staff of tbe Guernsey Evening Press are planning to launch an independent newspaper if the parent company falls to the hostile bid being mounted by Guiton, publisher of the Jersey Evening Post.

Mr Tim Earl, a senior reporter on the Guernsey newspaper, said: "Any bidder should take into account that if the paper is taken over, a high proportion of the employees would look at ways of setting up our own newspaper and taking the loyal readership with us."

He said Guernsey people already saw the Channel Islands television service as "Jersey television" and they had perceived a similar move to Jersey control in a BBC plan to rationalise the radio service.

A poll of the newspaper's 50 staff had shown only three in favour and six "don't knows". He said the main reason was not so much inter-island rivalry as independence. "The newspaper industry is becoming concentrated in fewer and fewer hands, and we don't want to be part of that."

The staff's planned public statement will come a few days before the second closing date, on Wednesday, for Guiton's 102-for-100 all-share offer.

Offer for DRG declared unconditional

By Clare Pearson

Pembridge Investments last nigbt declared its £697m offer for DRG, the paper and packaging company, unconditional in all respects.

Pembridge speaks for about 55 per cent of shares in the company. A higbly unusual attempt this week to form a minority block of institutional sbareboiders, wbn would not accept the bidder's 590p per share casb terms, broke down on Thursday.

Mr Roland Franklin, the US-based financier who controls Pembridge, said DRG's board indicated yesterday they would now recommend sbareboiders to accept the bid.

Mr Franklin met Mr Moger Woolley, DRG's chief executive, for the first time earlier in the day.

Pembridge's offer remains open until November 24.

Hanson sells ARC Construct for £6.3m

By Nikki Tait

Hanson, the UK conglomerate, has sold off ARC Construction, part of its ARC construction and building materials subsidiary to a management-led consortium for £6.3m.

Hanson acquired ARC as part of its £3.5bn offer for Consolidated Gold Fields this summer.

The disposal is one of the first sales of Gold Fields' businesses to be announced.

ARC Construction operates in tbe civil engineering field aod will trade as Amey Construction in tbe future.

In the year to end-June, it had sales of £75m and made a pre-tax profit of £350,000. Capital employed at end-June was £2.1m.

Of the total purchase consideration, £5.3m is being paid immediately in casb. The remainder is payable over the next three years.

Barlows bids for Allied Leather as profits fall

BARLOWS, property investment and development group, announced a £7.3m agreed hid for Allied Leather and pre-tax profits for the six months to June 30 which fell from £343,000 to £89,000.

The terms of the offer are either 265 Barlows shares for every 100 Allied shares, or £350 in cash. The offer will be adjusted downwards if an accountant's report shows Allied's net assets to be less than £7.3m.

Allied Leather shares are not listed or regularly dealt in. Bargains in Allied shares recorded in the Official List took place on October 23 at an average price of 140p.

The directors of Allied and certain other sbareholders have irrevocably undertaken to accept the offer in respect of 1.61m shares (80.5 per cent). They have also undertaken to receive consideration in the new Barlows shares in respect of a total of 1.57m Allied shares and in cash in respect of 40,172 Allied shares.

The resulting maximum cash outlay is about £1.5m, which will be financed from a new hank facility.

Turnover of Barlows in the six months to tbe end of June was £1.14m (£948,000). Earnings per share fell from 1.47p to 0.43p, but the interim divideod goes up from 0.75 to 0.825p.

NEWS DIGEST

Welpac lower at £125,000

WELPAC, the USM-quoted hardware, DIY and electrical products packager, saw pre-tax profit fall from £545,000 to £125,000 in the half year ended July 31.

Despite present market difficulties the directors remained optimistic of medium and long term prospects. They feel tha second half should see an improvement, with tbe benefit nf cost-cutting measures, tbe traditional stronger performance in hardware, and minimal impact of remerchandising costs.

Turnover in tbe first half rose to £5.37m (£5.29m) hut operating profit fell to £116,000 (£536,000). Earnings were cut to 0.31p (1.35p).

Demand in the DIY and lighting sector was depressed. Competition remained fierce and all cost increases could not be passed on.

Hardware continued to suffer extra costs as a result of remerchandising two major product ranges. Raw material prices hit Shaw Metal Spinners.

Capital Gearing net assets higher

Net assets of Capital Gearing Trust stood at 260.3p at October 5, up from 239.7p six months earlier and 196.6p at the same stage of 1988.

The net loss for the six month period was £20,050 (£4,250) and the loss per share was 0.84p (0.8p).

The trust does not declare interim dividends, hut directors said that the final would not be less than the 0.3p paid for the last full year.

Results 'satisfactory' at King & Shaxson

King & Shaxson Holdings, the discount house with interests in money broking, leasing and investment dealing, said that profits for the six months to end-October were "very satisfactory".

Althoogh hase rates rose from 13 per cent to 15 per cent during the period, profits of the discount bouse were "considerably" higher that for the correspooding period of 1988. Otber subsidiaries traded profitably, directors said.

Tbe interim dividend is again 2.5p.

Futura loss increases to £184,000

Futura Holdings, the footwear group, reported an increased loss of £184,000 for the 27 weeks ended July 8, compared with £85,000 in the corresponding period last time.

The directors said tbat the group had acquired sbare and property investments of some £3.5m, and they would be informing shareholders soon about the continuing programme of diversification.

A subsidiary, Evermoor, had been formed to pursue a joint venture development in Ashford, Kent. Completion should be in mid-1991.

Sales improved to £1.81m (£1.76m). After crediting tax of £64,000 (£30,000) the loss per share was 3.23p (1.52p). The interim dividend is a same-again 0.5p.

There was a £488,500 below-the-line dividend from the sale of shares in Latafoam Services.

Trading resumed in Moray Firth shares

Trading in Moray Firth Exploration has resumed on the Third Market at the request of tbe company

Trading was suspended on June 12 following an announcement that the company was in negotiations which could lead to an offer heing made for another company.

Moray said that after considerable discussioos with the Stock Exchange, the company had decided that it was unahle to proceed with the proposed transaction.

Laporte buys two US companies

Laporte, the speciality chemicals company, has bought two US manufacturers of pool and spa chemicals for a total of £6m. Between them, the acquisitions have annual sales of £7m.

Applied Biochemists, of Milwaukee
and Robarb, of Atlanta
join Laporte's other two US companies in this field.

In tbe year to January 1, its water treatment activities contributed pre-tax profits of £7.2m, on turnover of £47.7m, to the company's total profits of £95.3m.

Yelverton disposes of Malvern stake

Yelverton Investments has accepted the terms of a revised offer for its 29.96 per cent holding in Malvern Property from Sheraton Securities International.

For each of the 82 A ordinary shares Yelverton will receive 1,300 Sheraton shares and for each of the 1.49m ordinary shares it will receive five Sheraton shares. This values each A share at £871 and each ordinary share at 167.5p, based on Sheraton's share price of 67p.

The exchange will give Yelverton 3.85m shares in Sheraton and with an existing holding of 750,000 shares will lift its stake to 3.35 per cent of the enlarged capital.

Somic sees difficult year despite rise

Somic, kraft paper spinner and weaver, predicted a difficult year for 1989–1990 but interim pre-tax profits show a slight recovery rising from £90,361 to £102,821.

Mr R Blackburn, chairman and joint managing director, said that the present Government's policies of high interest rates coupled to the prevailing levels of inflation were cause for concern in the short term

He said the plastic coating department had remained the husiest area in the factory. Company had recently made plans to expand this department.

Sales in the first six months totalled £1.78m (£1.64m); the trading profit was £68,071 (£57,593) and the income from rents amounted to £34,750 (£32,768). After tax of £35,987 (£31,626) earnings per share came out at 3.342p (2.937p). The interim dividend is maintained at 1p.

Yorklyde rises to £1.55m midway

Yorklyde,manufacturer of fine cloths, scarves and travel rugs, reported pre-tax profits for the six months to July 31 up 27 per cent from £1.22m to £1.55m. Turnover advanced 68 per cent from £4.04m to £6.79m.

The directors hava raised the interim dividend to 4p (2.75p) on earnings per share of 20.8p (16.9p).

Batleys' estimates 'not corroborated'

Batleys, the casb-and-carry retailer facing a possible bid from controlling family shareholders, said pre-tax profits estimates for 1989-90 and 1990-91 made by its chairman, Mr Lawrence Batley, were hased on his preliminary assessment and could not be corroborated as required by the Takeover Code.

It urged sbareholders to place no reliance on the figures.

GM Firth raises Arthur Lee stake

GM Firth (Holdings), the engineering and steel stockholding group, has bought anotber block of shares in Arthur Lee & Sons, the Sbeffield-based steel and plastic group.

The company acquired a little less than 4 per cent of Lee taking its holding to 17.4 per cent. Firth hegan huying shares a year ago after picking up an 8 per cent stake.

Family and executives hold slightly more than 20 per cent of Lee's capital, whicb the company believes is an important obstacle to a successful takeover bid.

Impshire loss up due to death of horse

Impshire Tborougbbreds, a USM-quoted Irish diversified bloodstock business, reported a pre-tax loss of I£787,000 (£775,000) for the six months to June 30. This compares with a loss of I£405,000 for the seven months to June 30 1988.

The company said the nomination income had increased to I£367,000 (I£305,000) and profits nn the sale of hloodstock increasad to I£442,000 (I£159,000).

However, the death in May of Prince of Dance resulted in a write-off of I£485,000 included in the operating loss of I£78,000 (I£19,000). The loss per share was 10.8p (6.8p).

Revenue falls at Fashion and General

Net asset value of Fashion and General Investment was 558.4p at September 30 compared with 550.7p a year earlier. However, revenue before tax for the half year to end-September declined from £206,105 to £185,715.

After tax of £51,818 (£62,015) available revenue emerged at £133,897 (£144,090). Earnings per 5p ordinary were 8.9p (9.6p) and the interim dividend is reduced from 8p to 5p.

Hogg Robinson buys insurance broker

Hogg Robinson & Gardnsr Mountain, the insurance broker, bas bongbt Stona & Michand, a New Hampshire-based retail insurance broking husiness, for shares and loan notes worth between $3.75m and $4.75m (£2.36m to £2.99m) on a profir-related basis.

In the year ended 30 September, S&M, a property and casualty agency specialising in both commercial and personal lines, made a profit of $110,000 nn a commission incoma of $2.3m.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Lord Mayor's Show, City of London. South African National Union of Mineworkers plans demonstration in Johannesburg against employers.

TOMORROW: Presidential and parliamentary elections in Yugoslavia's biggest republic, Serbia.

MONDAY: Mrs Margaret Thatcher, the Prime Minister, speaks at Lord Mayor's banquet, Guildhall. CBI/FT survey of distributive trades (October). Producer price index numbers (October-provisional). Retail sales (October-provisional). Three-day conference on Soviet economy opens in Moscow. Meeting of the European Community economic and finance council in Brussels. European Community health council meets in Brussels. Deadline for applications for shares in Harry Ramsden fish and chip restaurant (dealing starts November 21). Mr Lech Walesa, Polish Solidarity union leader, starts visit to US (until November 16).

TUESDAY: US advance retail sales (October) and industrial production capacity, utilities for October. European Community industry and budget councils meet in Brussels. Financial Times holds conference "World Shipping" in Amsterdam (until November 15). Results of Namibian elections. Mr Eduard Shevardnadze, Soviet Foreign Minister, is expected to meet Mr Roland Dumas, French Foreign Affairs Minister, in Moscow.

WEDNESDAY: Mr John Major, Chancellor of the Exchequer, presents autumn statement to the Commons. Index of output of the production industries (September). US business inventories (September). European Community economic and social council starts two-day plenary session in Brussels. First round of Brazil's presidential elections. Sale of major Picasso works by Sotheby's in New York. British Airways interim results. Final day for water privatisation incentives registration (midnight deadline).

THURSDAY: Parliament prorogues (State opening November 21). Beaujolais Nouveau goes on sale. British Social Attitudes report published. Provisional figures of vehicle production (October). Public sector borrowing requirement (October). Capital expenditure by the manufacturing industries (third quarter-provisional). Labour market statistics: unemployment and vacancies (October-provisional); average earnings indices (September-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Mr Jacques Delors, President of the European Commission, and Mr Roland Dumas, French Foreign Affairs Minister, visit Hungary and Poland (until November 18). Financial Times holds conference on "World Electricity" at Hotel Inter-Continental, London. The Economist Conference Unit hosts conference "World financial markets at the the crossroads" at the Queen Elizabeth II Conference Centre in London. The Henley Centre organises conference on "The UK economy in the 1990's" at the Cavendish Conference Centre in London. Health & Safety Executive launches Save Your Breath campaign against occupational asthma and other lung conditions. Mr Norman Fowler, Employment Secretary, presents National Training Awards, Queen Elizabeth II Conference Centre. *British Steel interim results.*

FRIDAY: Retail prices index and tax and price index. Result of postal workers ballot on Sunday collections expected. Health & Safety Executive conference on Legionnaires' disease, Queen Elizabeth II Conference Centre. CND annual conference opens (until November 19).

BANK RETURN

BANKING DEPARTMENT	Wednesday November 8, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,558,000		
Public Deposits	62,537,456	+	441,106
Bankers Deposits	1,611,137,571	-	196,532,171
Reserve and other Accounts	2,231,433,043	-	155,833,159
	3,919,861,070	-	351,924,224
ASSETS			
Government Securities	1,498,826,534	-	285,255,000
Advance and other Accounts	1,055,992,976	-	133,094,864
Premises Equipment & other Secs	1,360,033,437	+	72,601,382
Notes	4,647,466	-	6,136,748
Coin	160,657	-	38,994
	3,919,861,070	-	351,924,224
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,045,352,534	-	3,883,252
Notes in Banking Department	4,647,466	-	6,136,748
	15,050,000,000	-	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,885,818,379	-	91,628,147
Other Securities	2,153,166,521	+	81,628,147
	15,050,000,000	-	10,000,000

EUROPEAN OPTIONS EXCHANGE

Series		Nov. 89 Vol	Nov. 89 Last	Feb. 90 Vol	Feb. 90 Last	May 90 Vol	May 90 Last	Stock
Gold C	$370	77	16 a	20	26	-	-	$384.80
Gold C	$380	158	7.30	66	20	-	-	$384.80
Gold C	$390	56	1.70 a	66	14.50	-	-	$384.80
Gold C	$400	-	-	291	9.90	11	17.60	$384.80
Gold P	$370	-	-	57	3.80	-	-	$384.80

Series		Nov. 89 Vol	Nov. 89 Last	Dec. 89 Vol	Dec. 89 Last	Jan. 90 Vol	Jan. 90 Last	Stock
EOE Index C	Fl. 280	159	6.80	-	-	10	15.90 b	Fl. 285.32
EOE Index C	Fl. 285	87	3.30	5	9	33	11.50	Fl. 285.32
EOE Index C	Fl. 290	211	1.60	67	6.60	48	9.50	Fl. 285.32
EOE Index C	Fl. 295	5	0.50	94	4.50 a	50	7.50	Fl. 285.32
EOE Index C	Fl. 300	79	8.30	128	3	31	5.70	Fl. 285.32
EOE Index C	Fl. 305	-	-	89	2	120	4.20	Fl. 285.32
EOE Index C	Fl. 310	-	-	50	1.30	4	2.70	Fl. 285.32
EOE Index P	Fl. 270	16	0.50	610	3.20	271	5.50	Fl. 285.32
EOE Index P	Fl. 275	143	1	7	4.30 b	13	7	Fl. 285.32
EOE Index P	Fl. 280	376	1.70	85	6	86	8.50	Fl. 285.32
EOE Index P	Fl. 285	114	3.30 a	158	8	58	10.50	Fl. 285.32
EOE Index P	Fl. 290	72	6.40	5	11	117	12	Fl. 285.32
EOE Index P	Fl. 295	17	10.30	60	13.18	10	15.50	Fl. 285.32
EOE Index F	Fl. 300	155	14.60	102	17	141	18	Fl. 285.32
EOE Index P	Fl. 305	182	21	17	21.50	-	-	Fl. 285.32
S/Fl C	Fl. 205	246	5.50	53	3.90	-	-	Fl. 209.95
S/Fl C	Fl. 210	52	1	634	2.70	23	4	Fl. 209.95
S/Fl C	Fl. 215	-	-	45	1.10	8	2.10	Fl. 209.95
S/Fl P	Fl. 205	20	0.30	534	1.20	13	2.50	Fl. 209.95
S/Fl P	Fl. 210	73	1.50 a	21	3.20	15	4.50	Fl. 209.95

Series		Jan. 90 Vol	Jan. 90 Last	Apr. 90 Vol	Apr. 90 Last	Jul. 90 Vol	Jul. 90 Last	Stock
ABN C	Fl. 45	127	0.50	20	1.40	-	-	Fl. 42
Aegon C	Fl. 115	58	1.10	1	3.40	-	-	Fl. 106.40
Aegon P	Fl. 105	8	3	200	4	-	-	Fl. 106.40
Akzo C	Fl. 135	91	1.80	247	5.80	3	6.50	Fl. 126.30
Akzo P	Fl. 120	50	2	8	3.50	-	-	Fl. 126.30
Amro C	Fl. 90	39	0.50	40	1.50	-	-	Fl. 70.70
DAF N.V. P	Fl. 50	85	10.40	-	-	-	-	Fl. 44.10
N.V. DSM C	Fl. 120	88	2.50	200	5.70 b	-	-	Fl. 115
N.V. DSM P	Fl. 115	148	4.80 b	22	6.50	10	8	Fl. 113
Gist-Broc. C	Fl. 40	142	0.60	5	1.30	-	-	Fl. 34.50
Gist-Broc. P	Fl. 35	50	1.60	-	-	-	-	Fl. 34.50
Heineken P	Fl. 115	150	2.50	-	-	-	-	Fl. 120.20
Hoogovens C	Fl. 90	321	2.30	81	5.10	-	-	Fl. 79.70
Hoogovens P	Fl. 80	88	4.40 b	55	6.50	981	9.40 b	Fl. 79.70
KLM C	Fl. 55	155	0.50	28	1.70	35	3	Fl. 46.30
KLM P	Fl. 47.50	2	2.60	100	3.70	-	-	Fl. 46.30
KNP C	Fl. 60	46	0.40	-	-	-	-	Fl. 47.90
KNP P	Fl. 47.50	6	2.50	100	3.50	-	-	Fl. 47.90
NEDLLOYD C	Fl. 80	50	9 a	-	-	-	-	Fl. 85.70
NMB C	Fl. 50	2	0.80	132	1.50 a	-	-	Fl. 44.80
NMB P	Fl. 50	72	5	-	-	-	-	Fl. 44.80
Nat. Ned. C	Fl. 70	159	1.20	160	2.90	5	3.60	Fl. 65.60
Nat. Ned. P	Fl. 70	982	5	10	5.30	-	-	Fl. 65.60
Philips C	Fl. 50	1432	2.30	683	4	56	5	Fl. 49
Philips P	Fl. 55	72	7	1518	8.30	12	8.50	Fl. 49
Royal Dutch C	Fl. 145	234	1.80	1	4.50	-	-	Fl. 136.60
Royal Dutch P	Fl. 140	76	6	11	7.50	225	10.30 b	Fl. 136.60
Unilever C	Fl. 150	190	4.20	91	8	-	-	Fl. 146.90
Unilever P	Fl. 145	348	4.30	36	6	-	-	Fl. 146.90
Van Ommeren C	Fl. 32.50	55	1.30	37	2.60	10	3	Fl. 30.40
Van Ommeren P	Fl. 32.50	150	3	-	-	-	-	Fl. 30.40
Wessanen C	Fl. 65	129	3	10	5.40	3	6.20	Fl. 64.30
Wessanen P	Fl. 65	10	3.20	102	4.50	-	-	Fl. 64.30

TOTAL VOLUME IN CONTRACTS : 37,953

A = Ask B = Bid C = Call P = Put

BASE LENDING RATES

	%		%		%
ABN Bank	15	Clydesdale Bank	15	NatWestminster	15
Adam & Company	15	Comm. Bk. N. East	15	Northern Bank Ltd	15
Allied Trust Bank	15	Co-operative Bank	*15	Norwich Gen. Trust	15
Allied Irish Bank	15	Coutts & Co	15	PRIVATbanken Limited	15
● Henry Ansbacher	15	Cyprus Popular Bk	15	Provincial Bank PLC	16
Associates Cap Corp	14	Dunbar Bank PLC	15	R. Raphael & Sons	15
Authority Bank	15	Duncan Lawrie	15	Roxburghe Guarantee	15½
● B & C Merchant Bank	15	Equatorial Bank plc	15	Royal Bk of Scotland	15
Bank of Baroda	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Banco Bilbao Vizcaya	15	Financial & Gen. Bank	15	● Smith & Williamson Secs.	15
Bank Hapoalim	15	First National Bank Plc.	16	Standard Chartered	15
Bank Credit & Comm	15	● Robert Fleming & Co.	15	TSB	15
Bank of Cyprus	15	Robert Fraser & Ptrs.	15½	United Bk of Kuwait	15
Bank of Ireland	15	Girobank	15	United Mizrahi Bank	15
Bank of India	15	● Guinness Mahon	15	Unity Trust Bank Plc	15
Bank of Scotland	15	HFC Bank plc	15	Western Trust	15
Banque Belge Ltd	15	● Hambros Bank	15	Westpac Bank Corp.	15
Barclays Bank	15	Hampshire Trust Plc	15½	Whiteaway Laidlaw	15
Benchmark Bank PLC	15	Heritable & Gen Inv Bnk.	15	Yorkshire Bank	15
Brit Bk of Mid East	15	● Hill Samuel	§15		
● Brown Shipley	15	C. Hoare & Co.	15		
Business Mtge Bank PLC	15½	Hongkong & Shangh	15		
CL Bank Nederland	15	● Leopold Joseph & Sons	15		
● Charterhouse Bank	15	Lloyds Bank	15		
Citibank NA	15	Meghraj Bank Ltd	15		
City Merchants Bank	15	McDonnell Douglas Bnk.	15		
		Midland Bank	15		
		Mount Banking	15		
		Nat. Bk. of Kuwait	15		

● Members of British Merchant Banking & Securities Houses Association. * Deposit rate 5.9%. Sovereign 8.5%. Top Tier-£10,000+ instant access 12.8% & Mortgage base rate. § Demand deposit 9%. Mortgage 14.25% - 15%

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Fri Nov 10 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Nov 9 Index No.	Wed Nov 8 Index No.	Tue Nov 7 Index No.	Year ago (approx.) Index No.	1989 High		1989 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (206)	885.24	-0.1	12.59	4.80	9.73	27.91	886.39	890.26	877.04	808.52	1012.97	18/8	775.54	3/1	1038.87 16/7/87	50.71 13/12/74
2	Building Materials (28)	1066.33	-0.1	14.92	5.27	8.36	35.83	1067.51	1064.74	1038.14	1017.28	1287.14	19/5	939.06	3/1	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (37)	1411.67	+0.2	17.57	5.48	7.47	55.10	1409.28	1406.77	1380.22	1572.70	1801.66	14/3	1306.13	27/10	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2534.17	....	10.87	4.90	11.57	68.90	2532.99	2535.38	2506.79	2365.91	3040.80	8/9	2294.30	3/1	3040.80 8/9/89	84.71 25/6/62
5	Electronics (30)	1945.75	+0.2	9.47	3.78	13.60	50.67	1942.29	1977.58	1952.50	1720.17	2308.22	19/5	1776.44	3/1	2308.22 19/5/89	1229.01 8/10/85
6	Mechanical Engineering (53)	464.35	-0.9	12.86	4.84	10.09	14.68	468.39	469.62	461.10	426.60	558.05	20/7	406.34	3/1	558.05 20/7/89	45.43 5/1/73
8	Metals and Metal Forming (6)	462.41	-0.5	22.23	6.47	4.96	16.13	464.51	462.77	459.09	512.82	562.47	19/5	439.27	27/10	596.67 9/10/87	49.65 6/1/73
9	Motors (18)	361.53	-0.1	11.82	4.79	10.65	11.79	361.80	364.09	361.98	281.08	378.65	22/9	258.24	3/1	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (24)	1661.53	+0.1	10.00	4.53	11.79	51.93	1649.80	1655.92	1640.90	1348.85	1881.53	18/8	1311.63	3/1	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (185)	1253.58	+0.5	8.77	3.54	14.33	27.98	1249.33	1253.82	1240.22	1056.59	1417.92	4/9	1016.74	3/1	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (23)	1404.56	+0.2	9.31	3.51	13.43	28.11	1402.16	1403.95	1382.97	1130.59	1583.71	5/9	1112.42	3/1	1583.71 5/9/89	69.47 11/12/74
25	Food Manufacturing (20)	1097.11	+1.0	9.35	3.91	13.58	25.28	1086.24	1097.72	1091.76	960.55	1220.42	4/9	926.04	3/1	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (15)	2308.88	+0.5	9.05	3.08	14.61	44.25	2296.93	2314.61	2320.95	1812.50	2722.30	5/9	1784.64	3/1	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (14)	2520.98	+0.6	6.18	1.91	19.27	40.54	2506.29	2502.02	2476.69	1839.10	2772.31	4/9	1778.20	3/1	2772.31 4/9/89	175.38 28/5/80
29	Leisure (34)	1572.06	+0.8	8.30	3.65	14.85	37.32	1560.26	1579.62	1554.74	1402.27	1845.77	8/9	1346.22	3/1	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (15)	531.84	-0.1	11.28	5.59	11.05	16.17	532.42	531.16	527.60	545.69	623.86	4/9	512.34	16/10	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (18)	3624.65	+0.1	8.92	4.78	14.38	107.68	3619.98	3607.56	3570.80	3402.60	3916.24	8/2	3236.76	4/1	5070.66 5/10/87	55.08 6/1/75
34	Stores (32)	781.54	+0.3	10.92	4.73	11.93	21.68	779.39	778.90	766.88	727.98	921.71	4/9	679.97	3/1	1360.58 29/7/87	52.63 6/1/75
35	Textiles (14)	318.04	+0.7	11.03	5.67	11.00	15.85	314.48	511.91	509.81	505.27	586.98	21/9	464.58	8/9	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (94)	1107.40	+0.3	10.60	4.63	11.44	27.58	1103.96	1108.64	1096.85	980.11	1225.60	3/9	896.15	3/1	1225.60 3/9/89	58.63 6/1/75
41	Agencies (17)	1487.60	+0.5	7.09	2.43	17.39	25.29	1480.48	1495.89	1485.94	1077.21	1638.75	5/9	1030.84	3/1	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (22)	1178.47	+0.4	12.73	5.31	9.26	43.50	1173.87	1184.28	1173.74	1040.46	1370.94	11/8	1026.37	3/1	1545.46 3/10/87	71.20 1/12/74
43	Conglomerates (14)	1613.81	+0.1	18.60	5.29	11.13	36.04	1609.74	1616.47	1585.92	1248.41	1819.46	11/8	1254.94	3/1	1819.46 11/8/89	975.19 10/11/87
45	Transport (13)	2130.04	-0.6	10.48	4.40	12.19	56.50	2142.63	2160.59	2139.19	1942.37	2554.69	12/7	1836.25	4/1	2554.69 12/7/89	90.80 29/6/62
47	Telephone Networks (2)	1066.14	+0.2	11.37	4.63	11.46	22.38	1063.67	1062.86	1054.53	971.55	1195.04	25/9	1002.43	3/1	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (26)	1840.90	+0.9	9.45	4.47	11.95	44.84	1824.09	1827.58	1803.28	1207.56	2087.06	11/7	1183.56	3/1	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (485)	1131.96	+0.3	10.25	4.17	12.03	28.73	1128.72	1132.87	1119.60	964.18	1273.71	5/9	935.74	3/1	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (15)	2156.82	+1.3	18.04	5.26	13.16	87.50	2128.39	2139.26	2127.22	1720.61	2306.36	13/9	1725.48	8/8	2458.68 16/7/87	07.23 29/5/62
59	500 SHARE INDEX (500)	1210.16	+0.4	18.22	4.32	12.18	33.53	1212.93	1217.65	1204.38	1028.63	1355.68	5/9	1002.81	3/1	1169.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (121)	785.71	+1.2	-	5.31	-	28.35	776.13	765.91	756.85	680.69	824.58	8/9	670.86	3/1	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	805.62	+2.6	21.41	6.28	6.14	35.17	784.88	759.99	756.00	657.71	846.87	25/8	657.74	3/1	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	1307.13	+1.1	-	4.85	-	47.56	1293.14	1283.20	1253.43	951.76	1307.13	10/11	933.96	5/1	1307.13 10/11/89	44.88 2/1/75
66	Insurance (Composite) (7)	661.98	+0.6	-	5.71	-	28.34	658.27	655.82	643.14	512.80	682.20	14/9	528.72	3/1	787.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	1082.36	-0.9	6.96	5.81	19.14	45.26	1092.56	1096.88	1071.81	907.61	1096.88	8/11	916.68	3/1	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	427.69	+1.0	-	3.95	-	9.70	423.34	424.34	422.18	345.27	427.69	10/11	318.05	3/1	547.39 12/10/87	31.21 7/1/75
69	Property (49)	1178.59	.....	7.61	3.49	16.61	22.74	1178.18	1173.81	1159.96	1239.81	1398.87	5/9	1326.55	17/10	1198.87 5/9/89	56.01 28/4/65
70	Other Financial (30)	323.04	+0.5	12.21	6.64	10.69	13.34	321.54	322.80	321.18	365.65	391.49	8/2	304.56	16/10	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (69)	1204.49	+0.2	-	2.90	-	21.61	1202.15	1205.42	1190.03	933.40	1288.84	8/9	922.04	3/1	1288.84 8/9/89	71.12 13/12/74
81	Mining Finance (1)	703.15	-0.7	10.63	3.83	10.57	22.25	708.28	698.01	687.75	566.50	754.47	8/9	561.50	3/1	754.47 8/9/89	66.31 30/9/74
91	Overseas Traders (7)	1396.78	-0.4	9.93	5.79	11.54	49.80	1402.60	1398.61	1387.68	1400.45	1543.93	8/9	1255.90	17/10	1543.93 8/9/89	97.37 6/1/75
99	ALL-SHARE INDEX (698)	2114.66	+0.5	-	4.43	-	31.96	1108.07	1109.88	1097.59	943.42	1225.80	3/9	921.22	3/1	1238.57 16/7/87	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 9	Nov 8	Nov 7	Nov 6	Nov 3	Year ago	1989 High		1989 Low		Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2216.7	+15.0	2222.9	2190.3	2201.7	2203.8	2178.2	2169.6	2173.1	1802.7	2426.0	5/9	1782.8	3/1	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 10	Day's change %	Thu Nov 9	xd adj. today	xd adj. 1989 to date
	British Government					
1	Up to 5 years	116.99	+0.05	116.93	—	10.50
2	5-15 years	130.71	-0.07	130.80	—	11.60
3	Over 15 years	139.63	-0.11	139.79	—	12.71
4	Irredeemables	158.07	-0.22	158.42	—	13.42
5	All stocks	120.70	-0.04	120.75	—	11.52
	Index-Linked					
6	Up to 5 years	140.44	+0.60	139.60	—	2.79
7	Over 5 years	138.92	+0.18	138.67	—	3.21
8	All stocks	138.92	+0.21	138.62	—	3.15
9	Debentures & Loans	107.92	+0.30	107.60	—	9.19
10	Preference	86.65	....	86.65	—	5.26

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 10	Thu Nov 9	Year ago (approx.)	1989 High		1989 Low	
	British Government								
1	Low	5 years	9.93	9.89	9.81	10.48	11/10	8.88	9/2
2	Coupons	15 years	9.63	9.62	9.32	9.76	3/11	8.77	9/2
3		25 years	9.55	9.53	8.97	9.68	3/11	8.73	16/2
4	Medium	3 years	10.98	10.96	10.20	11.33	14/6	9.96	8/2
5	Coupons	15 years	10.01	9.99	9.54	10.28	14/6	9.21	8/2
6		25 years	9.66	9.64	9.19	9.81	14/6	8.85	17/2
7	High	5 years	11.11	11.09	10.33	11.44	14/6	10.13	8/2
8	Coupons	15 years	10.22	10.19	9.66	10.49	14/6	9.41	8/2
9		25 years	9.81	9.78	9.25	9.99	14/6	8.99	27/1
10	Irredeemables†		9.61	9.58	8.85	9.74	3/11	8.68	15/3
	Index-Linked								
11	Inflation rate 5%	5yrs.	3.42	3.59	2.87	4.10	13/10	2.73	21/8
12	Inflation rate 5%	Over 3 yrs.	3.60	3.61	3.59	3.84	5/6	3.41	21/8
13	Inflation rate 10%	5 yrs.	2.61	2.78	1.79	3.38	2/6	1.91	21/8
14	Inflation rate 10%	Over 5 yrs.	3.44	3.44	3.43	3.67	3/6	3.23	21/8
15	Debs &	5 years	13.75	13.76	11.61	13.82	3/11	11.47	30/12
16	Loans	15 years	12.28	12.31	11.06	12.49	13/10	11.19	1/2
17		25 years	11.86	11.90	10.78	11.94	6/11	10.66	27/2
18	Preference†		10.66	10.66	10.14	10.70	3/11	10.00	17/3

‡ Opening index 2198.3; 10 am 2217.0; 11 am 2222.6; Noon 2221.2; 1 pm 2220.6; 2 pm 2219.0; 3 pm 2218.1; 3.30 pm 2216.8; 4 pm 2221.2 (a) 10.53am (b) 9.00am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.87	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 32p.

CONSTITUENT CHANGES: Caradon (2) and Neill (James) (6) have been deleted and replaced by Ashley Group (26) and Hays (43).

Rémy Martin to merge with Cointreau group

By George Graham in Paris

TWO OF France's leading drinks groups have announced plans to merge their operations, creating a cocktail of some of the best-known wine and epirits brands in the world.

Pavis, the fsmily holding company whicb owns 51 per cent of the Rémy Mertin cognac bouse, plans to merge witb Cointrsau et Cie., producer of the celebrated orange liqueur, to form a group with annual sales of around FFr6bn ($957m).

Rêmy has been looking for some time for a top quality liqueur to add to its portfolio. Last year failed in a bid to take over Bénedictine.

Rémy distributes Cointreau'e products in a number of markets, incloding Asia and North America, and earlier this year signed a new agreement adding Africa, Eastern Europe and the Middle East.

The merger will strengthen these links: it does not, however, appear to settle the 16-year-old family feud that has beset Rémy Martin.

In fact, the decision to merge with Cointreau eppears likely to darken further the relationship of the Hériard-Duhreuil family, who own Pavis and run Rémy Martin, with Mr Max Cointreau and his family, wbo own 49 per cent of Rémy Martin and have been in dispute with the Hériard-Dubreuils for years.

Mr Cointreau and Mr André Hériard-Dubreuil married the two sisters who inherited the Rémy Martin and Frapin cognac businesses. With a 49 per cent stake, Mr Cointreau has a blocking minority in Rémy Martin and bas been able to stop tbe company from, for example, increasing its capital.

This led the Hériard-Dnbreuils to set up a new snbsidiary, Rémy et Associés, in which Mr Cointrean does not have the blocking minority, to bandle the cognac house'e distribution and to embark on diversification, witb acquisitions such as the Krug and Pipper-Heidsieck champagne houses, Galliano liqueur and Mount Gay rum.

Rémy Martin now retains only the production and stocks of cognac.

Bnt Mr Cointrean is also in disagreement with his other cousins, Mr Pierre Cointreau and Mr Robert Cointreau, who run the Cointreau businese, which includes, besides the orange liqueur, tbe aperitif Picon, St James rum and Clé des Ducs armagnsc. They, however, have 70 per cent of their company's capital.

The merger would involve the transfer of Pavis's 51 per cent stake in Rémy Martin to Cointreau et Cie; Pavis would then receive Cointreau shares in return, probably giving it a slight majority.

The complex structures and secretive natures of the families involved make it difficult to establish coherent figures on the two groups. The Cointreau operating company reported net profits of FFr12m last year on sales of FFr508m, but group sales are understood to total FFr1.8bn.

Rémy et Associés, the distribution and diversification arm of Rémy Martin, reported net profits of FFr110m in the year ended Marcb, 1989 on sales of FFr3.4bn, and is forecasting at least FFr150m this year on sales of FFr4.5bn.

Saab, Fiat close to output deal

By John Burton in Stockholm

THE SWEDISH Minister of Industry said yesterday that an agreemeot on co-operation between Saab-Scania and Fiat concerning car production could be reached before tbe eod of this year.

Saab refused to comment on tbe remarks made by Mr Ivar Nordberg to a Swedish newspaper beyond repeating a statement it made in late October that it is bolding discussions of an undisclosed nature with the Italian motor group.

Speculation about a possible Saab-Fist link bas increased following the collapse of talks last month between Saab and Ford on a collaboration deal.

Saab's car division is expected to lose SKr1.8bn ($281m) this year due to poor sales in the US, its biggest market. The mounting losses have forced Saab to look for a possible partner to share prodoction facilities and help in the development of next-generatlon models.

Mr. Nordberg'e comments indicated that tbe talks between Saab and Fiat may have progressed much further than observers had believed. Tbe Industry Ministry hss been in close contact with Saab recently due to negotiations over a government loan for the Saab 2000 aircraft project, which was announced on Thursday.

Saab and Fiat have co-operated before, developing a common chassis in the early 1980s for the Saab 9000, Fiat Croma, Lancia Thema.

Although co-operstion between Saab and Fiat would not be fully complementary since both produce luxury cars, analysts see several advantages in a collaboratlon between the two.

One is that their production facilities could be mesbed together relatively easily since their cars share many of the same components due to their previous co-operation.

Campbell Soup to sell off assets

By James Buchan in New York

CAMPBELL SOUP, the venerable maker of canned soups and other processed foods, is considering selling some of its businesses as part of a review of all its far-flung operations.

Tbe oew approach, announced by Campbell Soup's new senior management on Thursday, marks an attempt to improve the lacklustre profitability at tbe nearly $6bo-sales company. Campbell Soup has heen the sceoe of swirliog stock speculation and managemeot turmoil since the deatb in April of Mr John Dorrance, the then head of the founding family, and a highly influential stockholder.

Mr Herbert Baum and Mr Edwin Harper, who took over as joint heads of the company at the beginning of the month, said at a press conference in Cbicago on Thursday that there would bs "profound changes" in the way the company does bueinese. The cbangee would include a review of all the company's assets, investment to modernise the $2bn soup husiness and moves to sort ont problem businesses overseas, notably in the UK and Italy.

Mr Baum and Mr Harper were appointed to run the company on November 1 to replace Mr Gordon McGovern, who resigned unexpectedly. Mr McGovern presided over a big expansion of Campbell Soup's product line and overseas presence bnt was unahle to transform this into a higher profitabllity. Mr McGovern apparently ran afoul of younger members of the Dorrance family frustrated at the lacklustre profits, which have lagged behind those of such competitors as Heinz.

Delay puts Bond sale to Nathan in doubt

By Chris Sherwell in Sydney

AN UNEXPECTED fourth delay for tbe A$2.5bn (US$1.97bn) sale of Bcnd Corporation's Australian brewing assets has intensified speculation that its deal with Lion Nathan of New Zealand will not be concluded.

An announcement yesterday said the "time for satisfaction of certain conditions precedent" to their agreement had been extended to November 27. The initial deadline of October 18 has previously been put off to Nnvember 1, November 8 and November 13.

Under tbe deal – first announced on September 19 – Lion Nathan, which brews Steinlager beer, is to buy a 50 per cent share of Australian Breweries, a joint venture to be created after Bond's Swan, Tonhey and Castlemaine XXXX breweries are sold to its 58 per cent-owned Bell Resources for A$2.5bn.

The complex agreement involves Bond Corporation simultaneously hidding for the Bell Resources minorities. In addition, parallel offers are to be made for Bell Resources convertible bonds and Bond Brewing subordinated debentures.

Two factors lie behind the delays. One is the requirement by the national Companies and Secnrities Commission that Bond Corporation produce andited accounts and a balance sheet for the year to Jnne for the deal to go ahead. Preliminary unaudited figures released last month showed several differences between the company and its anditors.

The other is the emergence of SA Brewing of Adelaide as a likely alternative hidder for the Bond interests. The original Lion deal allowed for Bond to entertain possible alternative bids, and gave Lion the right to match them.

According to some analysts, a more attractive SA Brewing offer would materialise if Lion pulled out its deal. But Lion is evidently keen to persevere with its plans.

SA Brewing would also have to overcome objections from the Trade Practices Commission, Australia's anti-trust agency, because of a 20 per cent stake in the company held hy Elders IXL, the country's other major brewer.

Yesterday's developments followed the separate announcement overnight from London that Bond Corporation was to pay A$500,000 in damages to Aviva Petroleum in compensation for Bond's withdrawal from a sale to Aviva of its interest in the Harriet oilfield off the Western Australian coast.

Organists bloom in St Hyacinthe

David Owen on Canada's industry-topping pipe organ maker

In the prosperous Quebec township of St Hyacinthe, aandwicbed between a school playing-field and an ostentatious cemetery, is the hsadqnarters of Casavant Frères, probably the largest maker of pipe organs in the world.

It does not require hnge scale to merit this appellation: Casavant has just 100 employees and an annual turnover of less than C$10m (US$8.6m).

Nevertheless, the company, which exports 85-90 per cent of its production, boasts of having supplied organs to all five continents.

A black and white photograph records the day in 1927 when four lorries departed St Hyacinthe bearing an instrument bound for Salisbury, Rhodesia.

The 120,000 sq ft Casavant plant has a distinctly homely atmosphere. It incorporates, after all, the house where the two brothers who founded the company in 1879 were born. The reception area is the original kitchen. A nearby bookcase contains an eclectic accumulation of volumes, ranging from Whitney's German grammar to a yearbook of American churches.

The three-storey workplace, where some 25 organs per year are painstakingly fashioned by a skilled team of metalsmiths, pipemakers, cabinet-makere, voicers and others, has a similarly parochial air.

Under construction at present are instruments destined for Springfield, Missouri, Cincinnati and St Stanislaus Kostka in the Canadian steeltown of Hamilton.

From start to finish, the construction process, which marries tin and lead alloy pipes, oak cabinet-work and cedar windchests, can take up to two years.

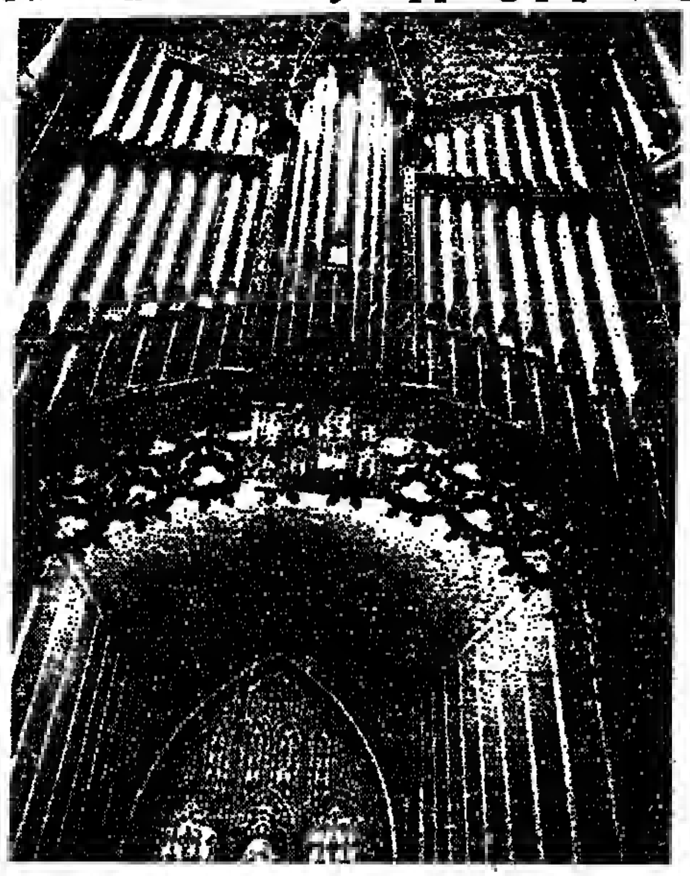
Casavant does now boast a brand new computer-assisted design system, but in general, the emphasis is firmly on conservatism and continuity. "If we ever want to change anything, we conduct very careful tests beforehand," says Mr Pierre Dionne, the company's president.

Most materials used in the manufacture of the group's custom-built instruments are thsrefore highly traditional, including maple, rosewood, ebony and ivory ("Our last batcb," says Mr Dionne). Employees frequently spend their entire career with Casavant. A few families have been working at the plant for five generations.

The training regimen for most Casavant craftsmen is long and arduous. "Our harmonists, for example, have a degree in music when they are taken on, and after three years they are just beginning to find their feet," Mr Dionne says. The same two adjectives usually also apply to the process of cementing a sale. This takes about two years on average from the time that the first contact is made.

Since 1904, the company has manufactured two types of pipe organ: the mechanical tracker organ, and newer electro-pneumatic instruments in which the air-valves are electrically controlled.

Perhaps the best-known Casavant prodnct is the 6,098-pipe leviathan at Montreal's Notre Dame. Japanese bridal halls, meanwhile, have recently emerged as serious customers, raising the prospect of all-too-scarce repeat orders and multiple sales.



The 6,098-pipe leviathan at Montreal's Notre Dame Cathedral

Over the years, the company has experimented with various attempts at diversification, even once manufacturing primitive phonographs. The last of these – a sortie into furniture-making – was abandoned seven years ago.

"In retrospect, the decision to produce furniture was a bad one because it was the sort of business where one penny could make all the difference between winning and losing a contract," reflects monstachioed Mr Dionne, who has been with Casavant for 11 years.

With price-tags ranging from C$25,000 to C$2m, today's Casavant is emphatically not in the business of penny-pinching. The company's instruments are universally reckoned to be in the upper echelons for quality. Josiah Wedgwood's observation that "all works of taste must bear a price in proportion to the skill, taste, time and expense and risk attending their invention and manufacture" forewarns those browsing through the corporate brochnre that this is the Rolls-Royce of pipe organ makers.

The fact that Casavant organ represents a considerable indulgence for any concert-hall or parish also means, Mr Dionne argues, that the company's order-book tends to act as an early warning device for any economic downturn. "It is the cherry on the cake," he says. "To sell one, you need a parish that is prosperous and expects to be so for the foreseeable future."

In that context, it is interesting to note that the past 12 months have been less than outstanding for Casavant after three consecutive strong years. According to Mr Dionne, sales in Texas and Oklahoma are rather few at present, while those in the US Midwest are recovering.

Poling to head Ford as Petersen calls it a day

By James Buchan in New York

MR DONALD PETERSEN, who led Ford Motor Company to its greatest success since the 1920s, is retiring early as chairman and will be replaced by Harold Poling, his long-time vice-chairman and No. 2.

The news took Wall Street hy surprise. But analysts doubted there was anything behind the change except Mr Petersen's restlessness after 10 years at the top of Ford. In recent years, Ford bas set great store by orderly management succession.

Mr Petersen, 63, and due to retire in late 1991, will step down next March. Mr Poling, 64, will serve for three years.

Mr Philip Benton, 60, moves up to be president and chief operating officer. Mr Allan Gilmour, 55, regarded as the top candidate for the chairman'e job, succeeds him as president of Ford's automotive group.

At a news conference yesterday at Ford's headquarters in Dearborn, Michigan, Mr Peterseo said: "I will bave been chief operating officer or chief executive officer for 10 years and I think it's time for me to make a change in my life. It's time to re-pot myself."

Three finance institutions back Wertheim Schroder

By David Waller

WERTHEIM SCHRODER, the US investment bank owned jointly by its directors and Schroders, the UK merchant banking group, will next week announce a "significant increase" in its corporate finance capacity following a deal with three financial institutions.

One is Mitsubishi Trust and Banking of Japan, currently negotiating to buy a 4.5 per cent non-voting etake in Wertheim. The other two – not yet named – are US institutions with no involvement in investment banking.

Mr George Mallinckrodt, Schroders chairman, says the significance of the deal lies not so much in the capital injection into Wertheim – $15m from each of the three – but in the amount of money they will make available for Wertheim's investment banking business.

The Wertheim and Schroders link – sealed in June 1986 – is deemed one of the more successful transatlantic matches in investment banking. But Wall Street sees Wertheim as a leading second-ranker and next week's deal could be a move into a different league.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1989	Low 1989
Gold per troy oz.	$385.25	+5.00	$420.50	$412.25	$356.5
Silver Per troy oz	332.90p	-0.70	355.65p	358.85p	313.90p
Aluminium 99.7% (cash)	$1802.5	+75	$2540	$2610	$1664
Copper Grade A (cash)	£1686	+20	£1750.5	£1982.5	£1474
Lead(cash)	£437	-28	£377.25	£487.5	£337
Nickel (cash)	$10125	+25	$13450	$19350	$9967.5
Zinc (cash)	$1447.5	-2.5	$1499	$2107.5	$1447.5
Tin (cash)	$7130	-45	£4125	$10760	$7130
Cocoa Futures (Mar)	£709	+16	£862	£947	£689
Coffee Futures (Jan)	£696	+14	£1092	£1270	£658
Sugar (LDP Raw)	$381.0	+18.2	$273.2	$381.0	$235.8
Barley Futures (Jan)	£109.8	+0.95	£108.1	£113.50	£100.95
Wheat Futures (Jan)	£112.05	+0.35	£111.8	£121.65	£104.7
Cotton Outlook A Index	83.70c	-0.35	58.75c	84.85c	61.35c
Wool (64s Super)	582p	-14	630p	710p	562p
Rubber (Spot)	57.00p	+0.75	53.0p	64p	55p
Oil (Brent Blend)	$19 125w	+0.225	$13.025	$21.35	$16.125

Per tonne unless otherwise stated. †Unquoted. p-pence/kg, c-cents lb, w-Dec.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$18 35-6.45w	
Brent Blend	$18.10-9.15w	+0.10
W.T.I (1 pm est)	$19.90-6 95w	+0.05

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$183-185	
Gas Oil	$163-164	-1
Heavy Fuel Oil	$98-99	
Naphtha	$163-165	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$385.25	-2.00
Silver (per troy oz)♣	525c	-8
Platinum (per troy oz)	$499 25	+3.78
Palladium (per troy oz)	$137.00	
Aluminium (free market)	$1805	+20
Copper (US Producer)	121⅝-124c	+3¼
Lead (US Producer)	39.0c	
Nickel (free market)	468c	
Tin (Kuala Lumpur market)	18 97r	-0.36
Tin (New York)	328.5c	-3.0
Zinc (US Prime Western)	78¾c	
Cattle (live weight)†	112.85p	-1.39*
Sheep (dead weight)†	212.73p	+19.4*
Pigs (live weight)†	98.27p	-3.34*
London daily sugar (raw)	$381 0v	+8.0
London daily sugar (white)	$405.0v	+5.5
Tate and Lyle export price	£357.0	+6.0
Barley (English feed)	£112.5	
Maize (US No. 3 yellow)	£126.5	+0.25
Wheat (US Dark Northern)	£127.5	
Rubber (spot)♥	57 00p	+0.5
Rubber (Dec)♥	50.00p	+0.75
Rubber (Jan)♥	60.30p	+0.75
Rubber (KL RSS No 1 Dec)	224.5m	-1.0
Coconut oil (Philippines)§	$475v	+10
Palm Oil (Malaysian)§	$317.5	
Copra (Philippines)§	$310	
Soyabeans (US)	£168	
Cotton "A" index	83 70c	
Wooltops (64s Super)	532p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct. x-Oct/Dec. t-Jan/Mar. v-Nov/Dec. w-Dec. z-Jan/Feb† Meat Commission average latstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low	
Dec	19 11	19.00	19 15	19.05
Jan	18.74	18.61	18.75	18.65
Feb	18.42	18.30	18.45	18.37
IPE Index	19.04	18.81		

Turnover: 8039 (11436)

COCOA – London FOX £/tonne

	Close	Previous	High/Low	
Dec	750	742	752	740
Mar	709	705	710	698
May	720	718	720	707
Jul	734	731	734	724
Sep	749	746	749	740
Dec	771	769	771	763
Mar	790	789	790	785

Turnover: 5642 (4341) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Nov 10 832.70 (829.56) :10 day average for Nov 13 814.62 (812.04)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low	
Nov	703	702	714	702
Jan	696	690	695	695
Mar	700	700	700	693
May	717	715	720	709
Jul	735	732	735	732
Sep	752	752	755	747
Nov	770		770	767

Turnover: 1787 (2505) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Nov 9: Comp. daily 62.66 (62.99). 15 day average 81 78 (61.65)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Dec	342.00		337.00	
Mar	336.80	332.60	337 00	333.00
May	332.60	328.40	332.00	329.20
Aug	326 00	321.00	326.00	322.20
Oct	314.00	309.20	314.60	310.40
Dec	310 00	304.00	300.00	
Mar	295 00	289.00	295.00	292.00

White	Close	Previous	High/Low	
Dec	403.00	398.00	403.00	398.00
Mar	399.50	398.00	401.00	397.00
May	405.50	403.00	406.50	405.10
Aug	413.50	411.00	414 00	
Oct	388.00	385.00	330.00	387.50
Mar	370.50	372 00	370.50	

Turnover: Raw 7475 (4565) lots of 50 tonnes. White 1838 (992)
Paris- White (FFr per tonne): Dec 2560, Mar 2523, May 2570 Aug 2650, Oct 2485, Dec 2410.

GAS OIL – IPE $/tonne

	Close	Previous	High/Low	
Dec	178 25	179.00	180.25	177.75
Jan	173.75	174.75	176.00	173.75
Feb	169 00	170.75	171.25	169.50
Mar	165 00	165 75	166 25	165.00
Apr	161.35	161.25	162 50	161.25
May	159 00	159.50	158.00	
Jun	158.25		158 50	158.25
Jul	157.50		157.50	

Turnover 4165 (5915)lots of 100 tonnes

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 13,178 tonne
Cash	1800-5	1800-5	1807	1806-7		
3 months	1745-7	1749-50	1765/1747	1750-1	1750-5	33,235 lots
Copper, Grade A (£ per tonne)						Ring turnover 54,400 tonne
Cash	1685-7	1721-3	1696/1695	1694-5		
3 months	1675-6	1700-1	1688/1670	1681-2	1678-9	79,013 lots
Lead (£ per tonne)						Ring turnover 9,575 tonne
Cash	436-8	440-2	437	437-8		
3 months	433-4	435-6	440/431	432.5-3	435.5-6	12,178 lots
Nickel ($ per tonne)						Ring turnover 1,794 tonne
Cash	10100-50	10250-350	10300/10100	10075-100		
3 months	9700-50	9740-60	9750/9700	9725-50	9700-00	7,151 lots
Tin ($ per tonne)						Ring turnover 660 tonne
Cash	7125-35	7170-210	7125/7105	7105-10		
3 months	7220-5	7250-90	7230/7160	7205-10	7180-200	4,953 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 13,250 tonne
Cash	1460-5	1495-500	1485/1480	1482-4		
3 months	1445-8	1450-3	1455/1440	1445-8	1443-5	16,544 lots
Zinc ($ per tonne)						Ring turnover 3,800 tonne
Cash	1445-50	1450-60		1450-5		
3 months	1405-10	1410-5	1410	1415-7	1405-10	2,863 lots

LME Closing £/$ rate: SPOT: 1.5775 3 months: 1.5529 6 months: 1.5295 9 months: 1.5108

POTATOES – BFE £/tonne

	Close	Previous	High/Low	
Nov	139.0	138.0	139.0	135.1
Apr	197.1	198.0	198.0	196.5
May	224.0	224.0	223 0	

Turnover 66 (60) lots of 40 tonnes.

SOYABEAN MEAL – BFE £/tonne

	Close	Previous	High/Low	
Feb	143.60	143.50	143.80	143.00

Turnover 60 (343)lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low	
Nov	1684	1685	1681	1675
Dec	1666	1665	1666	1660
Jan	1695	1697	1697	1690
Apr	1695	1700	1695	1692
Jul	1418	1410		
Oct	1530	1530	1530	
BFI	1656	1654		

Turnover 192 (244)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low	
Nov	108.50	108.50	108.50	
Jan	112.05	112.20	112.25	111.60
Mar	115.85	116.10	116.15	115.85
May	119.00	119 25	119 05	119.00
Jun	120.40	120.05	120 65	120.55
Nov	107.20	107.05	107.20	

Barley	Close	Previous	High/Low	
Nov	106.00	105.50	106.00	
Jan	109.90	109 50	110.00	
Mar	112.80	112.40	112.95	112.90

Turnover: Wheat 149 (270), Barley 56 (176).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low	
Nov	125.5	126.0	125.0	
Feb	115.0	116.0	114.0	1
Apr	114 5		114 5	113.7

Turnover 31 (64) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	385-385½	243¾-244¼
Opening	386½-387	244¼-244¾
Morning fix	386.45	243.617
Afternoon fix	385.35	243.882
Day's high	386½-387	
Day's low	383¾-384¼	

Coins	$ price	£ equivalent
Mapleleaf	394-399	229½-252½
Britannia	394-399	229½-252½
US Eagle	394-399	229½-252½
Angel	394-399	229½-252½
Krugerrand	384-387	243-245
New Sov.	90-92	57-58½
Old Sov.	90-92	57-58½
Noble Plat	505.25-512.90	310.85-323.90

Silver fix	p/fine oz	US cts equiv
Spot	332.60	528.00
3 months	345.35	539.25
6 months	357.30	550.15
12 months	380.50	572.15

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1650	143	122	16	45
1750	77	70	52	90
1850	36	37	109	154
Copper (Grade A)	**Calls**		**Puts**	
2600	176	170	47	111
2700	117	123	86	161
2800	72	86	140	221
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
700	24	56	29	58
750	6	37	63	97
800	3	23	108	123
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
700	52	49	2	41
750	18	29	18	71
800	4	18	64	108
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
1800	83	90	15	43
1850	55	61	38	64
1900	34	40	60	

US MARKETS

IN THE METALS, gold prices were down for most of the day as e strong U.S. dollar weighed on the futures, reports Drexel Burnham Lambert. Silver lost ground due to some scattered profit taking while platinum remained higher. Technical selling pressured the copper. In the softs, sugar continued higher with trade and local buying featured. Origin selling weakened the coffee market. Commission house and switch activity made up the cocoa volume. The grains ended the week with active sessions. Heavy export demand offset Thursday's slightly bearish crop reports. Soyabean futures posted the biggest advance, gaining 8 cents in the November contract. The livestocks were slow with mostly local participation. Cotton futures sank, due mostly to Thursday's crop report. The energy complex was slow except for the expiration of the options.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	387.8	387.1	0	0
Dec	388.6	389.0	389.5	387.2
Jan	390.9	391.3	0	0
Feb	393.1	393.6	394.0	391.0
Apr	397.6	398.1	398.5	395.5
Jun	402.0	402.5	403.4	400.0
Aug	406.2	406.7	0	0
Oct	410.6	411.1	412.5	412.5
Dec	415.2	415.7	416.3	413.5

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	509.6	506.5	512.0	507.7
Apr	514.1	511.0	518.5	510.0
Jul	518.7	515.6	521.0	517.5
Oct	523.6	520.2	524.0	524.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	523.6	528.5	0	0
Dec	526.0	530.8	531.0	524.0
Jan	528.9	533.7	0	0
Mar	538.0	542.8	543.0	536.5
May	545.7	550.6	550.0	545.0
Jul	553.6	558.5	556.5	553.0
Sep	561.7	566.6	0	0
Dec	573.0	578.0	578.0	573.0
Jan	576.8	581.6	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	115.78	116.40	115.75	115.75
Dec	114.50	115.20	115.00	113.20

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov 6	Nov 8	mnth ago	yr ago
1867.5	1867.3	1879.4	1865.9

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	130.54	130.52	129.25	136.25
Futures	131.57	131.35	129.87	138.78

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Dec	19.88	19.92	19.95	19.81
Jan	19.72	19.78	19.81	19.68
Feb	19.60	19.68	19.37	19.58
Mar	19.49	19.57	19.57	19.47
May	19.26	19.33	19.32	19.25
Jun	19.14	19.21	19.21	19.14
Jul	19.08	19.10	19.12	19.12
Aug	18.91	19.00	19.00	18.91
Sep	18.90	18.91	18.90	18.90

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Dec	5865	5892	5875	5840
Jan	5875	5885	5885	5840
Mar	5595	5620	5615	5580
Apr	5365	5385	5380	5345
May	5175	5220	5190	5175
Jun	5080	5110	5090	5065
Jul	5040	5070	5045	5040
Aug	5090	5120	5090	5090
Sep	5178	5210	5175	5175

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	999	996	1009	988
Mar	1004	1004	1014	992
May	1013	1018	1025	1007
Jul	1027	1026	1036	1022
Sep	1045	1046	1053	1040
Dec	1060	1072	1072	1060
Mar	1083	1097	1004	1080

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	75.98	75.95	77.70	75.90
Mar	78.35	78.00	79.70	78.00
May	80.27	80.70	81.70	80.00
Jul	82.51	83.00	83.50	82.50
Sep	84.63	85.00	85.25	84.35
Dec	87.18	87.63	87.30	87.30
Mar	89.63	90.25	90.25	90.25

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	14.76	14.50	14.80	14.60
Mar	15.19	15.01	15.20	15.06
May	14.91	14.74	14.98	14.82
Jul	14.69	14.50	14.69	14.55
Oct	14.17	13.83	14.18	14.02
Mar	13.36	13.23	13.32	13.26

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	73.17	75.09	74.30	73.10
Mar	75.07	76.70	75.90	75.02
May	75.80	77.15	76.40	75.60
Jul	75.85	77.00	76.30	75.65
Oct	69.35	70.00	69.60	69.20

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	128.00	129.00	129.00	128.00
Jan	122.60	123.85	123.90	122.00
Mar	122.70	124.20	124.05	122.20
May	123.55	124.85	124.00	122.60
Jul	123.80	125.25	123.78	123.25
Sep	124.00	125.40	124.00	124 00
Nov	123.70	124.80	124.00	124.00
Mar	123.70	124.60	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	575/6	567/6	576/0	567/0
Jan	588/0	580/2	589/0	580/0
Mar	600/6	592/6	601/4	592/6
May	611/4	603/2	612/0	603/4
Jul	618/0	610/4	619/0	610/4
Aug	619/0	610/4	619/0	611/4
Sep	604/4	601/0	606/0	601/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.79	19.35	19.80	19.41
Jan	20.02	19.58	20.04	19.65
Mar	20.46	20.02	20.47	20.08
May	20.78	20.39	20.79	20.45
Jul	21.10	20.70	21.10	20.70
Aug	21.10	20.75	21.10	21.00
Sep	21.13	20.82	21.20	21.05
Oct	21.22	20.92	21.25	20.95

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	185.3	183.5	185.5	182.1
Jan	183.8	182.0	184.0	181.2
Mar	183.5	181.8	183.7	180.8
May	182.0	180.7	182.3	180.2
Jul	181.2	180.2	181.5	179.5
Aug	180.2	179.5	181.5	179.5
Sep	180.7	180.0	181.0	179.0
Oct	180.5	179.7	180.5	180.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	238/0	236/4	242/0	236/4
Mar	241/4	240/6	245/0	240/4
May	245/4	244/6	249/2	244/0
Jul	248/6	248/2	252/4	247/4
Sep	242/6	241/4	244/4	242/0
Dec	239/6	239/4	241/6	238/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	404/4	403/2	407/4	402/4
Mar	409/6	407/0	411/4	406/2
May	391/2	388/6	391/4	389/6
Jul	361/2	357/2	362/4	357/0
Sep	367/2	361/4	367/4	362/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	74.92	74.82	74.95	74.62
Feb	74.72	74.56	74.80	74.40
Apr	74.67	74.55	74.70	74.40
Jun	71.70	71.65	71.75	71.50
Aug	69.95	69.90	70.00	69.82
Oct	69.20	69.10	69.30	69.20

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	47.95	47.52	48.60	47.35
Feb	47.92	47.70	48.55	47.58
Apr	44.56	44.67	44.97	44.25
Jun	48.65	48.70	48.90	47.95
Jul	48.65	48.85	48.65	48.10
Aug	47.67	47.65	47.70	47.20
Oct	42.90	43.20	43.10	42.90

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	63.30	63.17	63.80	62.15
Mar	62.37	62.47	63.00	61.37
May	60.75	61.15	61.25	59.97
Jul	58.37	58.65	59.00	57.35
Aug	56.30	56.82	56.80	55.80

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up as D-Mark falls

DEMAND FOR the dollar increased yesterday, as uncertainty surrounded the D-Mark and Japanese institutions bought dollars to invest in US Government debt at the Treasury auctions.

A move by the US Federal Reserve to drain money from the New York banking system for the second day running came as a surprise, and also contributed to the dollar's rise. Federal funds were trading at 8 1/16 per cent when the Fed set over the weekend matched sale and repurchase agreements. The move was regarded as technical, however, and dealers continued to believe that the target rate for Fed funds has been lowered to 8½ per cent from 8¾ per cent.

Speculation that the Bank of Japan is considering a rise of 1 per cent in its discount rate led to further gains for the yen against the D-Mark, but failed to prevent the dollar from rising against the yen.

The D-Mark was particularly weak, undermined by the possible consequences for tha West Germany economy from an influx of refugees from East Germany. A flood of migrants could involve the Bonn government in a considerable increase in public spending and a rise in inflation, according to some analysts.

Nervousness about the D-Mark helped to keep sterling steady overall - the pound's exchange rate index closed unchanged at 89.0 - and continued to make life more comfortable for weaker members of the European Monetary System, such as the Danish krone and Italian lira. The krone traded well within its cross rate limit against the D-Mark, while in Milan the German currency finished below L730 for the first time in several weeks. At the close in Europe, the D-Mark had fallen against the yen to Y76.95 from Y77.15 in Tokyo.

High yielding currencies remained generally well supported, but the Australian dollar weakened as the US dollar rose. The Australian currency closed at 78.67 US cents in London, compared with 78.875 cents in Sydney.

The US dollar finished in London near the top of its trading range on the day. It rose to DM1.8630 from DM1.8480; to Y143.35 from Y142.80; to SFr1.6375 from SFr1.6210; and to FFr6.8150 from FFr6.2675. According to tha Bank of England, the dollar's index rose to 69.9 from 69.6.

Sterling showed mixed changes, rising against the D-Mark but losing ground to the dollar. There were no new factors to influence the pound, and the UK currency tended to trade quietly on the sidelines.

Sterling fell 1 cent to $1.5765 and also declined to Y226.00 from Y226.50 against the strengthening yen. On the other hand the pound rose to DM2.9375 from DM2.9325; to SFr2.5825 from SFr2.5725; and to FFr9.9550 from FFr9.9425.

£ IN NEW YORK

Nov.10	Latest	Previous Close
£ Spot	1.5865-1.5875	1.5825-1.5835
1 month	0.84-0.83pm	0.83-0.81pm
3 months	2.39-2.36pm	2.43-2.40pm
12 months	8.38-8.28pm	8.15-8.05pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

POUND SPOT- FORWARD AGAINST THE POUND

EMS EUROPEAN CURRENCY UNIT RATES

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

MONEY MARKETS

UK rates firmer

RATES HAD a firmer tone in London yesterday. Three-month sterling interbank rose to 15 1/16-15 from 15 1/16-14 15/16 per cent. The Bank of England forecast e money market credit shortage of £900m, revising this up to £950m at noon. Total help of £950m was provided.

UK clearing bank base lending rate 15 per cent from October 5

In early assistance the authorities bought £350m bills, by way of £5m Treasury bills; £15m local authority bills; and £330m bank bills in band 1 at 14¾ per cent. Before lunch another £264m bank bills were purchased in band 2 at 14¾-14 23/32 per cent.

Later, the Bank of England bought £226m bills, via £25m Treasury bills in band 2 at 14¾ per cent and £201m bank bills in band 2 at 14¾-14 23/32 per cent. Late assistance of around £110m was also provided.

Maturing bills, repayment of late assistance and a take-up of Treasury bills drained £793m, with a rise in the note circulation absorbing £455m. These outweighed Exchequer transactions adding £335m to liquidity and bank balances above target of £25m.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

LONDON TRADED OPTIONS

LONDON MARKETS

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Aquascutum ....int	1	-	1	-	3
Brit Empire Secs ....fin	0.46	Dec 30	0.46	0.71	0.66
Scot & Mercant ....int	1.2	-	1.4	-	4.1
Unilever ....int	5	-	3.89	-	13.4
Unilever NV ....int	1.37‡	-	1.23	-	4 29
Whitbread Inv ....int	3.35	-	3.05	-	10.2

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ‡Dutch florins.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price	+or -	Net. Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	66	51	Abtrust New Dawn 8 Wts	66		-	-	-	-
§75	F.P.	-	83	81	♦Air London 5p	81	-2	R2.25	2.5	3.7	12.3
§20	F.P.	-	25½	20½	*Atlas of Distinction 5p	20½	-½	-	-	-	-
†	F.P.	-	100	95	♦Bestwild Devlpmts 50p	100		1.8	5.9	2.4	9.3
§82	F.P.	-	91	86	♦CIA Group 5p	90	+2	R2.5	3.6	3.7	10.0
Ir56	F.P.	2/11	71	56	♦Cambridge Grp Ir5p	66	-2	dQ7½	14.8	0.5	17.0
100	F.P.	-	103	93½	Drayton Asia Trust 10p	99½	-½	-	-	-	-

RIGHTS OFFERS

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
♦	F.P.	-	104p	93p	Bowater Inds 7.75pc Cv Pf	97p	
105p	F.P.	-	108½p	92p	British Aerospace 7.75p (Net) Cv. Pf	93p	
§100p	F.P.	20/10	103p	92p	British Airways Cap. 9¾pc Cv Cap.	95½p	+½
98.94	F.P.	-	99 1/16	99 1/16	British Inv. Tst. 11¾pc Sec. Db 2012	99 3/16	
100p	Nil	-	2pm	¾pm	Caird Grp. 7p Cm. Cv. Pf. 2009 10p	¾pm	
100p	F.P.	17/11	103½p	74p	City Site Ests. New 5¼pc Cv Rd Pf	74p	
♦	F.P.	-	51p	46p	Cartmore Am. Secs. Zero Div Pf 5p	49½p	+½
-	F.P.	8/12	101p	97p	I & S Optimum Income Tst Zero Div Pf	100p	-1
§100	F.P.	-	103	80½	Leveraged Opportunity Tst Cv Uns Ln	84½	+4
100p	F.P.	-	100p	94p	MB Grp. 7.25p Cv. Cm. Rd. Pf. 15p	95p	
♦	F.P	-	88p	71p	PFG Hodgson Kenyon 6¾pc Pf. '91-2001	73p	
§420p	P.P.	10/7	138p	96p	[illegible] Units	106p	

TRADITIONAL OPTIONS

- First Dealings Nov 8
- Last Dealings Nov 17
- Last Declarations Feb 8
- For settlement Feb 19

For rate indications see end of London Share Service

Calle in: Trenwood, Amstrad, Saatchi & Seetchi, Tusker Resources, Euro Dieneyland, Royal Bank Scot., Ferranti, Willis Faber, Erith, S. Miller,

WORLD STOCK MARKETS

US MARKETS (3pm)

INDICES

NEW YORK

DOW JONES	Nov. 8	Nov. 8	Nov. 7	Nov. 0	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	2603 89	2623.36	2597.13	2582 17	2791.41 (9/10)	2144 64 (3/1)	2791 41 (9/10/89)	41.22 (2/7/32)
Home Bonds	93.18	93 00	92.89	92.85	94 15 (2/8)	87 35 (23/3)	—	—
Transport	1192.39	1199.15	1188.30	1192 57	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	219.50	220.95	219 63	218 06	221.64 (8/8)	181 04 (24/2)	227 83 (22/1/87)	10.50 (8/4/32)

ϕDay's High 2634.84 (2644 26) Low 2595.90 (2594.67)

STANDARD AND POOR'S

Composite ‡	336.57	338 15	334.81	332.61	359.80 (9/10)	275.31 (3/1)	359 80 (9/10/89)	4.40 (1/6/32)
Industrials	383.22	385.14	381.39	378 85	410 49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	32.50	32.55	31.99	31.79	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	186 75	187 40	185.74	184.77	199 34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4 46 (25/4/42)
Amex Mkt. Value	370 41	370 72	368.51	368 68	397 03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	454 07	454.05	449 40	448 02	485.73 (9/10)	378.36 (3/1)	485.73 (9/10/89)	54 87 (31/10/72)

	Nov 3	Oct 27	Oct 20	year ago (approx.)
Dow Industrial Div Yield	3 93	3 97	3.83	3.62
	Nov 8	Nov 1	Oct 25	year ago (approx.)
S & P Industrial div. yield	3 00	2.97	2.93	3.19
S & P Indl P/E ratio	14 29	14 25	14 31	12 60

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Amax	2,143,200	22⅞	+ ⅛
Tidewater	1,943,800	11½	+ ⅞
Philip Morris	1,894,100	41⅛	....
Fannie Mae	1,619,600	39½	+ ⅛
Houston Inds	1,574,500	35⅛	– ½
Wyse Tech	1,541,900	10⅛	+ ⅞
IBM	1,527,800	97⅛	+ ½
Pinnacle W Cap	1,345,400	9	– ⅛
Mylan Labs	1,309,100	21⅞	– ⅛
Weyerhaeuser	1,173,800	25⅛	– ⅛

TRADING ACTIVITY

† Volume Millions	Nov 8	Nov 0	Nov 7
New York	144 468	171.134	163.561
Amex	12.798	13.395	11.256
NASDAQ	126.789	137.905	130.555
Issues Traded	1,945	1,957	1,950
Rises	649	1,076	811
Falls	708	408	633
Unchanged	489	473	506
New Highs	46	47	27
New Lows	59	51	94

CANADA

TORONTO	Nov 0	Nov 8	Nov 7	Nov 6	1989 HIGH	1989 LOW
Metals & Minerals	3410.2	3421.6	3401.8	3380 9	3919 2 (1/9)	3307.5 (3/1)
Composite	3931.5	3937 0	3923 2	3906 7	4037.8 (6/10)	3350 5 (6/1)
MONTREAL Portfolio	2002.46	2003 81	1997 70	1993 00	2069.68 (10/10)	1677 40 (3/1)

Base values of all Indices are 100 except NYSE All Common – 50 Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov. 10	Nov. 9	Nov. 8	Nov. 7	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1636.6	1650.4	1658.4	1648.2	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	821.5	828.6	832.1	812.1	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	401.09	382.01	371.77	370.84	515.09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6391.94	6336.70	6275.90	6217.81	6805.28 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	344.04	342.68	340.80	340.82	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	646.5	652.9	657.4	659.7	815.8 (18/4)	646.5 (10/11)
FRANCE						
CAC General (31/12/82)	507.1	507.6	501.7	500.6	561.6 (11/10)	417.9 (4/1)
Ind. Tendance (30/12/88)	116.1	116.1	114.5	113.3	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	634.84	623 07	610.75	608.23	690.91 (10/10)	535.78 (27/2)
Commerzbank (1/12/53)	1862.3	1829.0	1792.9	1783 7	2056.8 (10/10)	1595.7 (27/2)
DAX (30/12/87)	1496.69	1462.96	1441.79	1428.07	1657.61 (8/9)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2776 86	2781.44	2731.07	2738.09	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1656.68	1660.15	1661.22	1660.29	1848 93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com Ital. (1972)	647.41	648.56	646.36	648.98	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35663.20	35657.42	35595.59	35270.46	35689.98 (28/9)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2692.77	2684.12	2674.31	2663.39	2703.58 (2/10)	2366.91 (6/1)
2nd Section (4/1/68)	3672.79	3664.61	3660.51	3648.93	3804.11 (9/10)	2774.38 (27/3)
NETHERLANDS						
CBS Tr.Rtn Gen.(End 1983)	249.7	248.7	249.0	244.8	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	191.9	191.2	191.3	188.2	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	628.43	624.91	623.10	620.14	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1363.27	1363.23	1356.73	1342.14	1363.27 (10/11)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1331.99	1325.24	1321.31	1320.84	1431.85 (12/10)	1030 69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1900.0	1940.0	1925.0	1887.0	1940.0 (9/11)	1291.0 (15/2)
JSE Industrial (28/9/78)	2575.0	2580.0	2565.0	2557.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	927.59	907.21	872.88	877.76	1007.80 (3/4)	846.30 (1/7)
SPAIN						
Madrid SE (30/12/85)	300.39	(c)	301.13	301.60	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P (31/12/56)	4200.6	4189.6	4169.5	4134.9	4660.3 (16/8)	3333 9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	738.6	735.2	734.1	723.2	829.1 (6/9)	613 1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	10127.05	10134.13	10119.85	10025.29	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	722.74	716.26	704.24	702.05	724.93 (13/9)	386 73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	528.5	526.6	522.4	551.2 (3/8)	487.6 (13/6)

**Saturday Nov. 4. Taiwan Weighted Price: 10492.45. Korea Comp Ex. 888 46.

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE, ISEQ Overall and DAX – 1,000. JSE Gold – 255.7. JSE Industrials – 264 3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Pattern of rebounds from falls continues

Wall Street

IN A continuation of its two-week pattern of alternating drops and bounces, Wall Street recovered sharply yesterday morning from its 20-point loss on Thursday, *writes Anatole Kaletsky in New York.*

The dollar rose steeply in response to the news that the Berlin Wall was to be demolished by the East German Government, bnt the apparent "flight to safety" in the European foreign exchange markets had no impact on either US bonds or stocks.

By 2 pm the Dow Jones Industrial Average was 14.96 points np at 2,618.65. The Dow had gained over 20 points in the first few minutes of trading, erasing Thursday's 19.67 point loss.

Trading on Wall Street began at 10.30 am, an hour later than usual because of a fire in the New York Stock Exchange's computer facility. To preserve orderly markets, the hour-long trading halt was also extended to the American Stock Exchange and the Chicago Mercantile Exchange.

Volume on the Big Board was moderately active, with 81m shares changing hands by lunchtime, and advancing issues outnumbered declines by about eight to five.

The bond market was unmoved by the sudden strengthening of the dollar in Europe and the news from Berlin, focusing instead on the signals of a steady monetary policy from the Federal Reserve and concerns about the Treasury bond auctions next Monday and Tuesday.

As expected, the Fed drained reserves from the money market through weekend matched sales, indicating strongly that it did not wish to see the Fed Funds rate fall significantly below the new target of 8¾ per cent. By early afternoon, Fed Funds were trading at 8⅞ per cent and the Treasury's benchmark long bond was steady at 102$\frac{25}{32}$, a price at which it yielded 7.89 per cent.

Apart from a mechanical reaction to Thursday's fall, one of the main reasons for the recovery of the Dow was a jump by Woolworth. The stock gained $2⅞ to $60, mainly in response to a broker's circular which pointed out that Woolworth was a leading retailer in West Berlin and Germany and would benefit from recent events there.

Among other blue chips which performed fairly strongly were Philip Morris, up $⅝ at $40, and IBM, which rose $⅞ to $98. But IBM's strength did not signal a broader recovery in the computer and technology sector, where Digital Equipment, for example, fell $⅝ to $85⅞.

The only takeover development was a $5 jump in Desoto Inc to $47⅞. Late on Thursday night, Sntton Holdings announced a hostile, $50-a-share bid for the paints, coating and detergent group. Wyse Technologies added another $⅝ to $10⅝ following its disclosure earlier this week of a $10-a-share offer from an unnamed bidder.

Another special situation was Pinnacle West, a thrift holding company, which fell by $1 to $8 in very heavy trading. The drop followed a demand from the Office of Thrift Supervision that Pinnacle West raise new capital for its Merabank unit.

Canada

A SLIGHT rise in Toronto at midsession came in quiet trading, with investors apparently distracted by Veterans' Day. The composite index gained 5.7 to 3,937.2.

Volume was 22m shares, and declines outpaced advances by 253 to 214.

Xerox Canada shares gained C$3⅝ to C$21¼ in early trading after the company said that it had improved the terms for a share exchange deal.

EUROPE

Events in Berlin encourage new perspective

THE HISTORIC events in East Berlin have given West Germany, and to some extent the other continental countries, an escape from a slavish obsession with Wall Street, *writes Our Markets Staff.*

FRANKFURT escaped from the intense gloom of just a few short daye ago. Trading volume was DM5.9hn, nearly twice Wednesday's level, the FAZ index rose 11.77 to 634.84 at midsession and the DAX 33.73 to 1,496.69, for rises on the week of 3.7 and 3.3 per cent respectively.

Cool heads now see a two-way bet on the political situation. Construction and retail shares have risen on the influx of East German immigrants. In the first category, Hochtief yesterday rose DM45 to DM985, for a two-day gain of DM115 or 13 per cent. Among retailers, Kaufhof gained DM56, or more than 10 per cent, to DM605. With its discount subsidiary, Kaufhalle, Kaufhof is seen as a big winner in this situation.

However, analysts looking beyond immigration to reunification or, at least, substantially increased economic co-operation between the two Germanies, are talking about the scope for re-tooling the East German economy, using West German capital goods. Engineering, steel and energy stocks rose accordingly.

Some observers now expect West Germany'e 1990 gross national product to rise by 3.5 per cent, against earlier expectations of 3 per cent and a 4 per cent target for 1989. Others say that the market now has a scenario for the first half of the 1990s, not just the first year.

PARIS decided it had had *enough of worrying about* Wall Street – especially as the fire there delayed the start of trading – so it turned to West Germany instead and shared in the enthusiasm for the planned DM8bn building programme.

Shares ended higher, buoyed by 5 per cent rises in building materials companies such as Saint-Gobain and Sommer Allibert. The OMF 50 index gained 5.47 to 498.93, the day's high and a 0.6 per cent gain on the week. The CAC 40 real-time index rose 19.24 to 1,820.38 and turnover was estimated at FFr2.7bn.

Glass producer Saint-Gobain jumped FFr31 to FFr630 and Sommer Allibert, which makes plastics and carpet tiling, was up FFr130 at FFr2,480, prompting comments abont over-doing it.

"People had expected a bounce and they were getting bored and wanting something to do after two weeks of nothing," said one analyst. White goods producers Moulinex and Seb climbed FFr8.40 to FFr137.40 and FFr50 to FFr945 respectively.

Metaleurop remained strong, *rising FFr7.70 to FFr274 on* continned speculation about the eale of part of Imetal's stake in the company; Preussag of West Germany denied it planned to increase its 45 per cent in Metaleurop.

AMSTERDAM had a few saving features in a subdued day, the CBS tendency index edging np 0.1 to 178.7, a rise of 0.9 per cent this week.

Unilever reported a 15 per cent rise in third-quarter profits, at the top end of expectations, and turned the market round from early weakness. It gained Fl 2.60 to Fl 146.90.

CSM, the eugar company, jumped Fl 4.30, or 5.8 per cent, to Fl 78.30 as interest grew following the takeover of the sngar refining operations of Belgium's Raffinerie Tirlemontoise hy Südzucker of West Germany. The etock looked cheap and was also defensive, said one analyst, with 50 per cent of the company'e earnings guaranteed by European Community sugar subsidies.

BRUSSELS was encouraged by events in West Germany, in the hope of increased business for Belgian companies. The *cash market index added* 55.24 to 6,391.94, ending 0.9 per cent higher on the week, in higher volume.

MILAN saw Ferruzzi stocks lead an early rally, but the mood passed and the Comit index ended 1.15 lower at 647.41, down 0.8 per cent over five days.

ZURICH heard rumours that a big company might convert participation certificates into shares, or open its registered share ownership to foreign participation. The Crédit Suisse index rose to 4.4 to 603.5, np 2.1 per cent on the week.

MADRID weakened in thin trading after Thursday'e holiday and the general index closed 1.7 lower at 300.3, a fall of 1.8 per cent on the week. Indications from the Governor of the Bank of Spain that monetary policy would remain firm or even tighten did nothing to lift the clouds.

STOCKHOLM was discouraged by the overnight weakness on Wall Street, and the Affärsvärlden General index lost 2.9 to 1,220.5, up 0.4 per cent on the previous Friday's close. Turnover remained low.

Ericsson free B shares gained SKr4 to SKr849. The telecommunications group and four other leading companies, inclnding Volvo, make interim reports on Thursday.

COPENHAGEN focused on ehipping and selected stocks, with the bourse index adding 1.36 to 344.04, while **HELSINKI** retreated in a cantious session, as the Unitas all-share index dropped 6.4, or 1 per cent, to 646.5.

VIENNA jumped 16.47, or 4 per cent, to 424.13 in active trading, encouraged hy the previous day's upturn.

SOUTH AFRICA

GOLD STOCKS fell sharply in Johannesburg as the bullion price declined. Vaal Reefs lost R11.50 to R393.50.

ASIA PACIFIC

Nikkei little changed as confusion persists

Tokyo

CONFUSION over the direction of interest rates kept investors wary, and share prices closed *barely changed in mixed trading, writes Michiyo Nakamoto in Tokyo.*

A stable currency market helped the Nikkei rise to an early record high of 35,708.67. However, repeating its recent discomfort with higher levels, it later slipped to a low of 35,595.49 before closing with a minimal gain of 5.78 at 35,663.20, np 0.5 per cent on the week. Advances slightly outnumbered declines at 494 to 422, with 192 issues unchanged.

Turnover swelled to 1.1bn shares from 855m on Thursday. The Topix index of all listed shares saw a gain of 8.65 to 2,692.77. In London, the ISE/Nikkei 50 index rose 2.96 to 2,057.76.

Trading was caught in a tug of war between buying on the strength of currency stability, and selling on interest rate fears. After hopes were raised that the US was easing its monetary policy, investors in Tokyo were confused yesterday hy overnight moves in Washington, which led many to suspect that the authorities in the US would go so far, but no further, at the moment.

Meanwhile rumours in Tokyo that there would be an increase in the official discount rate gave the market a fresh bout of jitters which was not quelled until a Bank of Japan official stated that the central bank was not considering another discount rate rise in the near future. The bank, he *said, was still considering the* effects of its latest rate increase in early October.

Under these circumstances, institutional investors remained entrenched on the sidelines. "The institutions don't want to take an active part in the market yet and are watching Wall Street and the Fed's moves," an analyst at SBCI Securities said.

However, the fashion for special-interest stocks, particularly some large capitalisation issues, brought a large number of new buyers into the market, explaining in part the gain in volume. The pursuit of companies with buge land assets along Tokyo'e waterfront showed signs of a revival, after being neglected for some time.

Ishikawajima-Harima Heavy Indnstries, the ehiphuilder, with land due to be developed along Tokyo Bay, had the second largest volume with 38.7m ehares and gained Y10 to Y1,390, after rising Y40 to Y1,420 during the day.

Tokyo Gas, the utility which also has substantial Tokyo Bay holdings, advanced Y50 to Y1,200 in active trading.

There was renewed interest in construction companies, on the grounds that US demands for increased infrastructural and housing development in Japan would boost their earnings. Aoki Construction topped the actives list, with 59.2m shares, and rose Y70 to Y1,670. Many securities firms were *said to be buying Aoki,* which was a successful play the last time construction had a run earlier this year.

Bullish trading in Osaka saw the OSE average breach its high to close up 159.11 at a record 36,812.48. Volume also improved to 84.8m shares from the 63.5m traded on Thursday.

Roundup

IN THE Asia Pacific region, Australia and Hong Kong both ended the day lower, but went in different directions over the week. The picture was similarly mixed elsewhere.

AUSTRALIA had a second day of profit-taking, encouraged by the fall on Wall Street overnight and by a slightly weaker gold price. Bnt gold shares held firm, while the big diversified miners were sold.

The All Ordinaries index fell 13.8 to 1,636.6. That left it 1.2 per cent down over the week, in spite of a sparkling performance in the gold sector. Turnover was a moderate 109m shares worth A$235.

National Australia Bank reversed its 2-cent loss of Thursday to close at A$6.72 in the wake of its record profits, while other banks fell. Rothmans Holdings rose 25 cents to A$10.70 on the sale of Philip Morris's 24.9 per cent stake in Rothmans International.

HONG KONG had second thoughts about the resignation of the Chinese leader Deng Xiaoping, especially given the cautious stance adopted by foreign institutions. The Hang Seng index eaesd 4.58 to 2,776.86 after its 50-point jump on Thursday, leaving it 1.4 per cent up on the week. Turnover was HK$1.1bn, from HK$905m.

SINGAPORE enjoyed the return of some institutional buying and the Straits Times industrial index gained 6.75 to 1,331.99, bnt was harely changed over the five trading days. Turnover was still low at 46m shares, against 44.5m. Little attention was paid to newe that Singapore companies must de-list from the Kuala Lumpur Stock Exchange hy December 31.

SEOUL rose strongly for a second day on enthusiasm over government moves to bolster the economy. The composite index was up 20.38 at 927.59, giving a gain of 6.3 per cent over two days and 4.6 per cent on the week.

TAIWAN ended marginally lower, the weighted index off 7.08 at 10,127.05, or 4 per cent down on the previous Friday.

MANILA finished almost unchanged as traders and retail investors switched into mining shares. The index closed at 1,363.27, up 4 per cent on the week.

Locals and foreigners beg to differ over Taiwan

Alison Maitland examines the market's resilience

TO MANY an English speaker, investing in Taiwanese shares through a local broker known as "Top Soon Securities" would seem appropriately foolhardy.

An emerging market whose index has risen from 1,000 to over 10,000 in less than three years, whose turnover value on some days this year has beaten that of Japan, and whose price/earnings ratios are among the highest in the world, must surely be riding for a fall.

That, at least, is the view of many foreigners, who are ehunning the four offshore funds open to overseas investors, and it is a view shared by more cantious Taiwanese.

But Top Soon is a misleading phonetic translation of the Chinese name, Ta Shuen, which actually means "Running Smoothly." Or, as the Americans (nhiquitous in Taiwan) might say, "No Sweat." It sums up the attitude that has prevailed for most of this year among the island's 2m or more small investors – roughly 10 per cent of the population.

Driven by these enthusiasts, the Taipei market has continued to defy the prophets of doom. It marked the bloodshed in Peking'e Tiananmen Square in June with only a temporary dip, survived a crackdown in July on the scores of unlicensed inveetment houses, shrugged off the Wall Street mini-crash last month, and eniffed the air above the 10,000 level in spite of government plans to raise the tax on share transactions in the new year.

The momentum has been lost in recent weeks, partly due to uncertainty over next month's elections, but so far there has been no collapse.

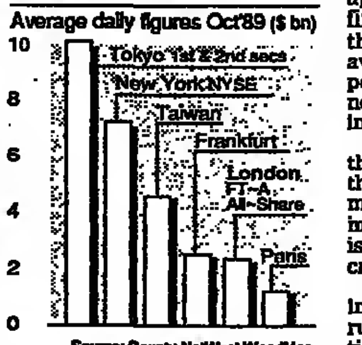
Brokers find it hazardous to predict where Taiwan will go next, as it frequently does the opposite almost immediately. But the sheer weight of money is a powerful reason for arguing that, while there may be sharp setbacks, this is not a hubble about to burst.

Two crises have already been overcome, in 1987 and 1988. In last autumn's scare, shares fell 40 per cent after Ms Shirley Kuo, tha Finance Minister, announced plans for a capital gains tax. By June this year, the market had surpassed its old high – and most Taiwanese had found a way round the tax.

This resilience seems only to have strengthened confidence, driving trading to phenomenal proportions this year. Turnover reached a record NT$194bn (US$7.6bn) on August 28 – more in three hours of trading than mighty Japan did in four. Indeed the entire capital of the market is turned over once every two months on average, according to Mr Danny Chan of Fidelity International.

Share turnover

Average daily figures Oct'89 ($ bn)



Source: County NatWest WoodMac

Taiwan's capitalisation has reached nearly $250bn – but that is still less than a twelfth of Japan's and represents only 3.4 per cent of world capitalisation.

The bulls argue that Taiwan is not eubstantially different now from markets such as the US when they were adolescents. What has fuelled this particular excess, however, is the convergence of an undeveloped financial system and the vast wealth that has huilt up during 30 years of prodigious economic growth.

The conntry has foreign reserves of $75bn, the highest in the world after Japan's, per capita income of about $7,500 (between that of Greece and Spain), an economy still growing at 7 per cent this year, and no rewarding ontlets for all this money other than tbe stock and property markets.

Small wonder, then, that the trading floor of Asia Securities, one of Taiwan's biggest brokers, is crammed daily with about 3,000 people, poring over charts, handing wads of notes across the counter, or talking excitedly about the prices on a bank of computer screens. There are studious young men, pensioners, women with toddlers in tow. They do not ooze wealtb. Yet the average share transaction is worth $22,000.

The securities business has its talons emhedded in the wider economy. Taiwan's 177 listed companies are already outnumbered by 180 brokerages. Mr Chan of Fidelity has calculated that, if all the new applications for hrokerages are approved, tbere will be one firm for every 6,210 adults by the end of the year. With an average of 150 people employed per hrokerage, tbat means nearly one in 40 adults working in the securities husiness.

The Government is worried that many people are giving up their jobs to punt on tbe stock market. Hence its plan to increase the share tax, which is expected to replace the discredited capital gains tax.

Concern about the size of the increase, and violence in the run-up to the December 2 election, could mar the ehort-term outlook for the market. The Government may get tough with speculators once the poll is out of the way. But it would be loath to see another crash, given the sbeer number of investors and the high proportion of military and civil service pensioners among them.

Taiwan needs tighter rules to give it long-term stability, and it needs more listed companies and a higger free float to curb manipulation. The highly priced banks, with a small float and large market capitalisation, tend to be used to drive up the index.

They also inflete tbe market's price/earuings ratio, which hrokers James Capel calculate would drop from 68.5 to 41 if the financials were stripped out. That is still high, but if Taiwan marks time for a while, earnings may catch up a little.

Some locals feel this year has been tbe last chance to make hig money in Taiwan, which will now become a "boring" market like Hong Kong. But there are others who predict that the index will reach a new top of 15,000, and soonish.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 9 1989						WEDNESDAY NOVEMBER 8 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	150.41	−0.2	140.56	126.70	−0.7	5.23	150.70	140.83	127.60	160.41	126.28	149.68
Austria (16)	134.97	+2.3	126.18	129.49	+2.8	1.88	132.00	123.35	126.59	172.22	92.84	87.02
Belgium (63)	138.21	+0.6	129.18	132.24	+0.8	4.18	187.34	123.35	181.25	144.49	125.58	131.60
Canada (122)	148.89	+0.0	139.14	125.87	−0.2	3.21	148.94	139.16	126.18	154.17	124.67	116.83
Denmark (36)	212.00	+0.4	198.12	206.31	+0.6	1.53	211.06	197.24	205.10	216.89	165.35	147.70
Finland (26)	123.55	−1.5	115.46	110.43	−1.5	2.55	125.39	117.18	112.16	159.16	123.12	125.82
France (127)	130.54	+0.7	121.99	128.33	+0.8	2.89	129.86	121.16	127.16	139.94	112.57	110.05
West Germany (96)	94.80	+1.8	88.59	91.08	+2.0	2.26	93.12	87.02	89.34	103.84	79.56	86.29
Hong Kong (48)	117.29	+1.7	109.60	117.68	+1.7	4.84	115.34	107.79	115.68	140.33	88.41	105.91
Ireland (17)	156.79	+0.1	146.52	153.37	+0.1	2.89	156.63	146.37	153.15	168.69	125.00	131.03
Italy (97)	87.29	+0.8	81.57	88.12	+0.4	2.59	87.06	61.35	87.79	96.73	74.97	85.92
Japan (455)	186.10	+0.7	173.91	167.98	+0.4	0.46	184.89	172.78	167.30	200.11	164.22	177.16
Malaysia (36)	194.43	+0.2	181.69	201.95	+0.2	2.63	194.02	181.32	201.65	209.22	143.35	141.76
Mexico (13)	292.33	+0.3	273.18	841.25	+0.2	0.62	291.39	272.31	839.82	326.81	153.32	166.23
Netherland (43)	123.93	−0.3	115.81	117.96	−0.1	4.50	124.28	118.12	118.10	131.72	110.83	109.70
New Zealand (18)	74.19	−1.1	69.33	67.15	−0.7	5.23	74.99	70.07	67.63	88.18	62.64	73.05
Norway (24)	173.78	+0.5	162.40	162.75	+0.5	1.59	172.92	181.60	162.01	198.39	139.92	123.16
Singapore (26)	156.30	+0.7	146.07	140.96	+0.8	2.10	156.22	145.05	140.05	170.62	124.57	122.29
South Africa (60)	167.61	+0.6	156.63	142.56	+0.6	3.96	186.87	155.75	141.76	167.61	115.35	117.15
Spain (43)	156.12	−0.2	145.90	137.81	−0.2	3.80	156.44	146.19	137.83	169.75	143.14	151.78
Sweden (35)	174.91	+0.8	163.45	166.04	+0.7	2.06	173.83	162.45	164.95	188.94	138.45	133.58
Switzerland (64)	85.94	+0.0	80.31	86.36	+0.3	2.19	85.93	80.30	86.14	94.16	67.81	85.20
United Kingdom (306)	143.05	−0.1	133.68	133.68	−0.1	4.56	143.22	133.84	133.84	158.41	133.28	137.20
USA (546)	136.86	−0.4	127.89	136.86	−0.4	3.38	137.41	128.41	137.41	146.29	112.13	111.54
Europe (996)	123.61	+0.8	115.52	117.38	+0.4	3.57	123.20	115.13	116.87	132.95	112.63	114.52
Nordic (121)	167.48	+0.4	156.51	154.07	+0.5	1.85	166.79	155.86	153.34	178.38	137.95	126.85
Pecific Basin (668)	181.99	+0.6	170.07	164.29	+0.4	0.73	180.84	168.99	163.65	194.72	160.44	173.19
Euro – Pacific (1664)	158.71	+0.5	148.32	145.52	+0.4	1.63	157.86	147.52	144.94	166.98	141.56	149.74
North America (668)	137.48	−0.4	128.47	136.18	−0.4	3.37	137.99	128.96	136.71	146.66	112.79	111.80
Europe Ex. UK (690)	110.92	+0.7	103.65	107.38	+0.6	2.67	110.19	102.97	106.51	118.51	96.30	100.24
Pacific Ex. Japan (213)	132.64	+0.4	123.95	118.29	+0.1	4.81	132.15	123.49	118.18	140.05	111.93	125.51
World Ex. US (1859)	158.54	+0.5	148.18	145.06	+0.4	1.70	157.71	147.38	144.51	166.35	141.49	148.28
World Ex. UK (2099)	150.44	+0.3	140.58	143.10	+0.2	2.02	150.05	140.22	142.88	156.04	136.98	133.84
World Ex. So. Af. (2345)	149.65	+0.2	139.85	142.20	+0.1	2.23	149.31	139.53	142.02	155.92	136.87	134.23
World Ex. Japan (1950)	132.52	−0.1	123.84	128.98	−0.1	3.51	132.62	123.93	129.06	140.43	114.51	113.46
The World Index (2405)	149.76	+0.2	139.95	142.20	+0.1	2.24	149.42	139.63	142.01	155.89	136.68	134.12

Latest prices were unavailable for this edition. Madrid market closed November 9.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant data.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks
No. of bargains included 4

Greater London Council 6¾% Stk 90/92 – £86¼ ½ 7 (8No89)

Birmingham Corp 2½% Stk 1926(or after) – £23 (7No89)

Newcastle-Upon-Tyne(City of) 11½% Red Stk 2017 – £99½

UK Public Boards

Commonwealth–Government

Foreign Stocks, Bonds, etc–(coupons payable in London)

Nova Scotia(Province of)16⅛% Ln Stk 2011 – £141½♦

Portugal(Rep of)9% Ln Stk 2016(Reg) – £90⅝ 1 ½ (7No89)

Province de Quebec 12¾% Ln Stk 2020 – £109⅝ ½ ⁹⁄₁₆

Spain(Kingdom of) 11½% Ln Stk 2010(Reg) – £105 ⅝ ¾ (8No89)

Sweden(Kingdom of) 9¾% Ln Stk 2014(Reg) – £92.03

13.5% Ln Stk 2010(Reg) – £121% (8No89)

[illegible]

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Insurance

Investment Trusts

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

Property

Plantations

Railways

Shipping

Utilities

Water Works

Miscellaneous Warrants

USM Appendix

The Third Market Appendix

Rule 535(2)

Arsenal Football Club Ltd Ord £1 – £3100 (3No89)

Assam-Dooars Hldgs PLC Ord £1 – £11½ (8No89)

Berryhurst PLC Ord 1p – £0.03 (3No89)

Bleasdale Computer Systems PLC Ord 1p – £0.015 0.0175 (7No89)

Channel Islands Comms (TV) Ltd Ord 5p – £0.65 (6No89)

RULE 535 (4) (a)

Sun Electric Corp 890 (6/11)

Teleco Cavi L10905♦,740,65 (6/11)

Vam $A0.195

Vultan Minerals $A0.351 (3/11)

Wellman Inc $34.12♦,35.25♦ (6/11)

Westralian Sands $A3.8

Winsor Industrial Corp $HK8.2

Wooltru Ord 550 (7/11)

Wuensche AG DM265♦,58 (6/11)

Zanex $A0.009

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Market up 6% over trading account

London's equity market ended a week and an account in fine form with share prices posting good gains for the third out of five trading sessions. The FT-SE 100-share index closed 15 points up at 2,216.7, extending the rise over the week to 43.6 points and over the account to an impressive 134.6 or more than 6 per cent.

It was a creditable performance from a market which only two weeks ago was reeling in the aftermath of what was described as the "Grey Monday" mini-crash and the resignation of Nigel Lawson as Chancellor of the Exchequer. One equity market strategist added that the market had also

Account Dealing Dates		
*First Dealings:		
Oct 30	Nov 13	Nov 27
Option Declarations:		
Nov 9	Nov 23	Dec 7
Last Dealings:		
Nov 10	Nov 24	Dec 8
Account Day:		
Nov 20	Dec 4	Dec 18

*New time dealings may take place from 9.00 am two business days earlier

to contend with the latest news in the Blue Arrow affair.

The market began yesterday in nervous fashion, with marketmakers lowering prices at the onset following a rather tired performance of Wall Street overnight. Estimated to have been down some 5 points before the official opening, the Footsie was first calculated as showing a 3.4 decline. However, the market recovered in the wake of pleasing third-quarter figures from Unilever which announced a 15 per cent increase in the interim dividend and a 10 per cent rise in pre-tax profits.

Dealers said institutions had ventured into the market yesterday, albeit in a small way, and that the hnying again uncovered widespread stock shortages throughout the various sectors, thus exaggerating gains in many stocks.

Mid-morning saw the FT-SE attain the day's best level of 2,222.9, up 21.2, but thereafter interest and share price movements were said to have been limited. A fire in the vicinity of Wall Street delayed the opening of the New York market and caused some nervous London investors to sell out early in the afternoon, but a subsequent firm opening by the US market and emall but keen huying for the new account after 3.30pm kept prices up.

Defence issues were among the market's casualties, as institutions focused on the likely impact on defence groups of reduced spending on weapons and defence as peace appeared to be hreaking out along the Berlin Wall, and elsewhere. Vickers, British Aerospace and Rolls-Royce were among the questionmarks.

One eenior dealer pointed out that although the market remained "squeezy, extremely cautious and highly sensitive to any slight shifts in sentiment in the options/futures markets," it seems "stubbornly to want to stay above 2,200". "And," he added "I'm sure that's the way the Government would want it ahead of the Chancellor's Autumn Statement next Wednesnday and the water flotation news expected during the next fortnight."

Turnover in equities, which had sbown a small but steady increase every day this week, totalled 481.4m shares yesterday.

FINANCIAL TIMES STOCK INDICES

	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.47	84.63	84.37	84.06	84.02	88.33	89.29 (8/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.78	93.73	93.91	93.55	93.31	97.20	99.58 (15/3)	93.20 (19/10)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1773.0	1764.3	1774.2	1753.8	1747.0	1461.2	2008.9 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	259.3	260.8	256.8	245.2	234.2	178.2	260.8 (9/11)	164.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2216.7	2201.7	2203.8	2178.2	2169.6	1802.7	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.67	4.69	4.66	4.71	4.73	4.79				
Earning Yld %(full)	11.24	11.28	11.20	11.34	11.36	12.04				
P/E Ratio(Net)(☆)	10.76	10.72	10.79	10.66	10.64	10.06				
SEAQ Bargains(5pm)	29,325	25,002	23,208	21,437	26,611	31,881				
Equity Turnover(£m)†	-	840.98	852.55	727.06	674.99	1486.98				
Equity Bargains†	-	24,150	21,222	19,655	20,313	32,988				
Shares Traded (ml)†	-	372.3	370.2	337.0	302.0	632.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928. Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 ☆ Nil 10.67

Ordinary Share Index, Hourly changes — Day's High 1776.5 — Day's Low 1760.2

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1760.2	1771.2	1776.4	1775.2	1775.0	1774.1	1774.0	1774.9

FT-SE, Hourly changes — Day's High 2222.9 — Day's Low 2198.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2198.3	2217.0	2222.6	2221.2	2220.5	2219.0	2219.1	2221.2

GILT EDGED ACTIVITY

Indices*	Nov 9	Nov 8
Gilt Edged Bargains	77.0	84.9
5—Day average	83.6	87.4

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. ◆ Corrected figure. London report and latest Share Index: Tel. 0898 123001.

Stakis stake placed

AN ERA in Britain's leisure industry came to an end yesterday when Scottish & Newcastle sold the 6.3 per ceot stake in hotel group Stakis it has held since the latter went public in 1972.

SG Warburg Securities confirmed it had placed a line of Stakis shares but would give no details. Other sources confirmed that the entire stake of almost 16½m shares was placed with around 25 institutions at 93p. Stakis closed unchanged at 99p while Scottish slipped a penny to 356p.

Most analysts felt that the deal was good for the institutions. "Quite a few people would have liked to buy Stakis at 93p," said Ms Julie Feaver of County NatWest WoodMac. Mr Paul Slattery at Kleinwort Benson explained that the move was a "tidying up exercise" after the sale of Thistle Hotels to Mount Charlotte in September for £645m.

One analyst, however, thought that Stakis was still overrated, and another said Scottish had picked a bad time to sell - Stakis shares were yesterday at a 12-month low relative to the market.

But Ms Feaver highlighted Stakis' defensive qualities, saying it had low gearing, management was strong and that the company'a geographical bias was to the North where there was more growth potential than in the South.

STC firm

STC continued to react bullishly to Thursday'a news that the West German Bundespost had joined Unitel, the consortium that is hoping to gain a licence to develop a UK personal communications network, and of which STC is a member.

Indeed, the market was strong enough to shrug aside a downgrading in next year's profits by Hoare Govett, STC's hroker. Hoare expects 1990 earnings of £281m, compared with its previous forecast of £302m.

Mr Miles Saltiel of Hoare said deferral of orders from British Telecom would reduce growth at STC's communication divisions, and had led him to lower his profit forecasts for 1990. STC closed np 5¼ at 261¼p.

Unilever figures

Unilever were bolstered by news of a 10 per cent rise in third-quarter earnings. Profits of £427m compared with £388m last year and analysts' forecasts of around £430m.

Despite profits slightly below market expectations, analysts said Unilever's share price had risen on a technical rebound after losing ground earlier In tbe week. "There was also some relief that the figures were out of the way," one analyst said.

Mr Julian Hardwick of BZW said: "The results look pretty reassuring. For quite a while Unilever has been looked upon as an excellent defensive play. These figures confirm that view. Overall, they're making solid progress."

He said sterling's weakness had prompted him to revise np his full-year forecast to £1.72bn from £1.70bn, previously forecast. Unilever rose 20 to 639p.

Banks had another good day in the wake of the decision on Thursday by Lloyds and NatWest to raise their provisions for third world debt. The move lifted a burden of uncertainty from the shares and, said analysts, allow them to put such debt problems behind them.

Those two scored modest gains yesterday, but Barclays, up 20 at 517p, was the main beneficiary as dealers anticipated a similar move there.

Banks that had been left behind on Thursday pnt in a good performance. Abbey National, helped by a stock shortage, climbad 7½ to 156½p, Standards Chartered firmed 8 to 498p while TSB ended 2¾ up at 116p.

There was a flurry in Royal Bank Scotland as a press item revived old stories of the possibility of a bid from a French bank. But dealers and analysts were sceptical, and the shares fell back from a high of 180 to end up 5 on the day at 178p.

Merchant banks were quiet with the exception of Schroders, up 125 at 1550p. Mitsubishi is to take a 4.9 per cent, non-voting staka in the 50 per cent owned US subsidiary Wertheim-Schroder.

Life and composite insurers scored steady advances across the board, helped by thoughts of rising US premiums. Speculations that Australian Mutual Providant (AMP) might increase its 605p a share bid for Pearl pushed the latter to 644p before subsiding to 641p -- still 4 better on the day.

Hoare Govett's positive note on the Prudential boosted the shares to 209p before they closed at 207½p, np a net 1¼.

Burton fell steeply in late trading in response to a profits downgrading from James Capel, said marketmakers. The shares fell 10 in the last hour of trade to close a net 9 down on the day at 189p. The company reveals full year figures on November 16.

Good press comment following Body Shop's figures on Thursday added impetus to the already rising price. Marketmakers chased after increasingly scarce shares and the price eventually closed 50 better at 488p.

The sale by Dixons of properties in London and Cardiff for £66m cash underpinned the shares which closed a penny better at 105p.

Microvitec, the microelectronics group, fell 6 to 26pfollowing a profits warning. The company said the downturn in sales had been more severe than anticipated. It added that trading conditions during the first half of 1990 were likely to remain difficult, and measures taken by the company to boost profits would be unlikely to show through until the second half of next year.

News that Saudi Arabia had approved tha first stages of a £1bn engineering project, failed to lift shares in Rolls-Royce, British Aerospace or Dowty, three of tha companies involved.

There was also talk in the market that companiea involved in defence contracts could be bit by uncertainity of the consequences of events in East Germany, and the rest of Eastern Europe. Mr Clive Forestier-Walker, analyst at Kitcat & Aitken said: "Tha events in East Germany will lead to close scrutiny of the major defence projects for the mid to late 1990s. Until tha threat is reassessed, it seems doubtful that further expansion will be endorsed by European governments for projects such as the European Fighter Aircraft, Trigat [a weapons system] and challenger This uncertainity can do little for sentiment for companies such as Vickers, Rolls-Royce, BAe, and many of the smaller subcontractors." Rolls-Royca shares closed a couple lower at 166p, BAa sank even further at to 535p, down 14 on the day, while Dowty slipped 6 to 241p.

Lucas recovered after tha previous daya fall of 14, on fears that the Lucas Pension Fund's share holdings in the company would be above the limit proposed by new Government regulations due in 1991. Mr Nick Ireland, analyst at Flemings Research said: "The Lucas Pension fund will not have to sell shares in Lucas because in two years time the value of their holding in Lucas will be less than 5 per cent of the value of the fund. It means. The price Won't be depressed hy ahares coming onto the market." The shares ended the day 3 better at 577p.

Similar reasons were behind Trusthouse Forte's recover to 287p, up 7 on the day. turnover was a strong 3.7m shares.

Kwik-Fit slipped 4 to close at 153p. the share have been supported by the possibility of a bid from Continental, the West German tyre maker which owns 13.13 per cent of the company. An analyst said: "Continental is probably contemplating a merger with another tyre maker. If that merger goes through, it won't bid for Kwik-Fit."

Tesco rose in active trading with dealers noting some switching out of Sainsbury's since the latter's results earlier in the week. Tesco closed up 3 at 194p, while Sainshury finished unchanged at 253p.

Albert Fisher rose 3 to 116p ahead of its presentations oext week in Scotland, where dealars said the company will emphasise its fundsmeotal strength. The larger-than-normal recent turnover in Fisher also prompted some bid speculation and dealers said this had boosted its share price.

Unigate traded nervonsly ahead the release of its interim results on Tuesday. Analysts at Laing & Cruickshank expect profits to have risen to £45.5m, compared with £43.8m last year. Unigate closed 3 down at 343p.

Coloroll, ended tbe day a penny better at 81p having been one of the worst performing stocks of tbe week. Mr Lawrence Rubin, analyst at Kitcat & Aitken said: "It has suffered from a loss of credibility as interest rates hava seen sales of its home furnishings products fall and its own gearing looks worrying.

Profits downgradings and vague rumours of instability in the group's financing have seen this former high flier fall from grace. We believe that Coloroll has a good portfolio of leading home products and that it may be nearing a level when bid attention could focus on the shares."

Yale & Valor gained 14 to end the day at 290p after better than expected interim results announced on Thursday.

Beazer nndged forward a penny to 142p as the company was notified that funds controlled hy Provident Mntual had increased tbeir stake in the company to 5.1 per cent.

Redland drifted lowar on profit-taking after its strong showing earlier in the week. Dealers also said the atock shortage appeared to have eased. It closed down 9 at 530p. Bellway rose 7 to 187p as a bear squeeze developed. The possibility that BAT Industries would buy-in some of its shares as part of a defence against the bid from Hoylake left the shares 15 batter at 788p.

Rothmans fell another 30 to 608p in the wake of press comment on the sale of Philip Morris' 24.9 per cent stake in the company to Swiss-based Richemont, which already holds 43.8 per cent of Rothmans.

Wellcome continned to climb, np another 16 to 710p, helped hy the prospect of finals figures on November 16, and support from analysts at BZW and Schroders.

Pavilion Leisure completed the first phase of its planned commercial property disposals and raised more than £11m. The news pushed the shares to 102p, up 7.

Lec Refrigeration put in a late run as the Italian domestic appliance maker Candy revealed it had acquired a 9.4 per cent stake in the company. The shares jumped 35 to 320p.

British Gas were outstanding in the energy sector, the shares moving np steadily all day to close a net 4½ higher at 197p on good volume of 8.1m shares.

Gas is schednlad to announce interim results on Thursday, with Kleinwort Benson forecasting historic cost net incoma of £75m, against last time's £22m and an increased interim dividend of 3p net, up 9 per cent on last year's interim of 2.75p.

Kleinwort'a enargy team rates tha stock "an ohvious buy," expecting earnings and dividend growth "at least in line with the market," and says that recent political concern which have caused tha stock to underperform recently are "overdone."

BP rose 4 to 301p on 3m, while Shell added 6 at 424p on 6m, after the third quarter figures announced on Thursday. Burmah lost 7 to 685p on profit-taking.

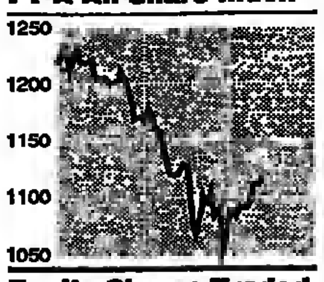
It was also depressed by a vague story that the company may soon go on to the takeover trail as a "poison pill" move against SHV increasing its holding and eventually bidding for, or trying to encourage, Bnrmah into merging with Calor. The latter were 4 off at 427p but dealers said there had heen unusually large interest in Calor – 365,000 shares were traded yesterday – late in the session.

Ultramar put on 6 more to 345p, still bnoyed by the re-rating of its Wilmington Refinery triggered by the proposed sale for around $1bn of the Tosco refinery in San Francisco. Aviva maintained its good run after Thursday's re-listing, the shares adding a further 1¼ to 18¼p.

Exploration Company of Louisiana advanced 9 to 251p ahead of the presentations to Scottish institntions next week,

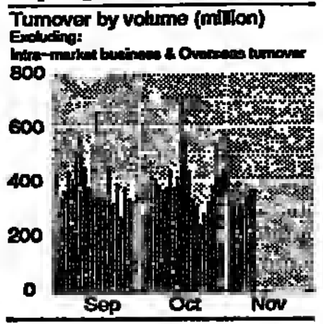
■ Other market statistics, including the FT-Actuaries Share Indax and London Traded Options, Page 11

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	1,600	136		Courtaulds	756	360	+6	LASMO	326	522	+2	Saatchi & Saatchi	787	330	-6
Abbey National	9,300	156½	+7½	Dalgety	85	378	+1	Lonrho	1,000	267	-2	Sainsbury	2,800	253	
Allied-Lyons	701	464	-1	Dixons	1,400	105	+1	Lucas	1,300	577	+3	Scot & Newcastle	940	356	-1
Amstrad	3,800	44½	+2½	Eng. China Clays	262	406	+3	MB Group	736	193	-3	Sears	2,500	110	-½
Argyll Group	1,100	219	+1	Enterprise Oil	241	683		MEPC	224	509		Sedgwick	725	286	-2
Ass. Brit. Foods	146	395		Fisons	902	334	+1	Marks & Spencer	2,275	197		Shell Transport	6,000	424	+6
BAA	2,200	348	-8	General Accident	683	1056	+3	Maxwell Comm.	1,400	227		Siebe	534	459	-2
BAT Inds.	2,300	788	+15	General Elect.	5,550	230	-½	Mecca Leisure	857	157	-2	Slough Ests	377	396	-1
BET	1,100	264	+1	Glaxo	569	1466	+1	Midland Bank	1,800	340	+6	Smith & Nephew	1,000	139	+1
BICC	303	448	-2	Globe Inv.	114	183½	+1	NatWest Bank	6,000	331	+7	SmithKline Beecham	1,400	544	+1
BOC	254	484	-1	Glynwed Int.	111	246		Next	1,850	95	+1	Smiths Industries	187	268	-3
BPB Inds.	498	290	-1	Granada	664	317	+4	Northern Foods	401	307	+5	Standard Chartered	1,600	498	+8
BTR	1,000	435	+1	Grand Met.	3,450	534	+4	Pearl	876	641	+4	Storehouse	1,200	112	
Barclays	4,700	517	+20	GUS A	47	1835	+7	Pearson	468	700	+5	Sun Alliance	477	396	+4
Bass	328	992	+2	GRE	1,300	111	+1	P & O	671	567	-10	T&N	43	189	
Blue Circle	730	223	-1	GKN	455	389	-2	Pilkington	4,400	239	+4	TI Group	43	430	+1
Boots	1,200	279	+5	Guinness	2,100	587	-1	Polly Peck Intl	1,800	347	+2	TSB	4,300	116	+2½
Brit. & Comm.	595	125	-1	Hammerson 'A'	155	773	+5	Prudential	2,800	207½	+1½	Tarmac	1 400	250	-1
Brit. Aerospace	892	535	-14	Hanson	6,500	222½		RHM	604	429	-4	Tate & Lyle	736	272	+3
British Airways	1,200	195½	+1½	Harrisons & Cros.	990	150	-2	RMC	847	661	+2	Taylor Woodrow	209	273	+5
British Gas	8,100	197	+4½	Hawker Siddeley	431	649	+5	RTZ	3,300	548	-4	Tesco	4,600	194	+3
British Land	376	324	+1	Hillsdown Hldgs.	1,100	267	+2	Racal	3,400	230		THORN EMI	750	754	
BP	3,000	301	+4	IMI	1,900	214	-3	Rank Org.	739	859	+11	Trafalgar House	642	331	-2
British Steel	9,400	126½	-1½	ICI	608	1107	+11	Reckitt & Colman	61	1149		Trusthouse Forte	3,700	287	+7
British Telecom	1,900	255	+1½	Inchcape	405	278	-1	Redland	906	530	-9	Ultramar	1,500	345	+6
Burmah Oil	904	685	-7	Jaguar	2,100	831	+4	Reed International	289	418	+1	Unilever	7,600	639	+20
Burton	6,100	188½	-9½	Kingfisher	1,800	280	-3	Reuters	656	894	+9	United Biscuits	815	357	+2
Cable & Wireless	994	498	-4	Ladbroke	1,200	308	+3	Rolls Royce	3,700	164	-4	Utd. Newspaper.	426	471	-5
Cadbury Schweppes	1,000	337½	-½	Land Securities	406	524	+2	Rothmans	621	608	-30	Wellcome	976	710	+16
Carlton Comms.	476	799	+7	Laporte	7	465		Royal Bk of Scotland	1,200	178	+5	Whitbread 'A'	171	363	+2
Commercial Union	883	467	-2	Legal & General	1,700	386	+10	Royal Insurance	445	487	+5	Williams Hldgs.	1,400	238	-5
Cookson	4,900	275	-2	Lloyds Bank	7,400	418	+5	STC	2,000	261½	+5½	Wimpey	452	249	+4

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (38).
AMERICANS (1) CPC Intnl., CANADIANS (1) Am Barrick Res., BREWERS (1) Eldridge,Pope 'A', BUILDINGS (1) Smart (J.), STORES (2) Body Shop, Euro. Home Prods., ELECTRICALS (3) Philips Lp., Microfilm Reprographics, Microvitec, ENGINEERING (4) Ash & Lacy, Booth Inds., WB Industries, Wood (S.W.) INDUSTRIALS (4) Allied Part, Cont. Station, Hughes (HT), Sale Tilney, INSURANCE (1) Legal & General, PAPERS (2) Goodhead Grp., KLP Grp., PROPERTY (1) Pennant Props., TRUSTS (5) Baltica Hldg., London Amer. Vent., Pacific Asset Wrrts., Templeton Em. Mkts., UTC, OILS (1) Century, MINES (7) Blyvoor, Durban Deep, Grootvlei, Harmony, Kinross, Loraine, Randfont'n. Est., THIRD MARKET (4) Egl'ton. Expl., Far East Res., Kromagraphic, Royal Sovereign Grp.

NEW LOWS (32).
BRITISH FUNDS (1) Treas. 2pc. IL. '90., AMERICANS (3) General Host, Gt American Bnk., Lone Star Inds., BANKS (2) Lloyds, Schroders, Do. N/V., BREWERS (1) Clark (Matthew), BUILDINGS (2) Smart (J.), Tudor, CHEMICALS (1) Physu, STORES (1) Euro. Home Prods., ELECTRICALS (1) ITL Info.Tech., ENGINEERING (1) Triplex Lloyd, FOODS (2) Ashley Grp., Batleys, INDUSTRIALS (3) Amer Grp., Holders Tech., Lynx Hldgs., INSURANCE (3) Legal & General, Lloyd Thompson, PROPERTY (3) Citygrove 7¼pc Cv. Pf., INOCO, Pennant Props., TRUSTS (3) Bremner, Ldn. Mnt. 7¼pc. 2000-05, Martin Currie Pac. Wrrnts. Pacific Asset Wrrnts., Templeton Em. Mkts., OILS (1) Aviva Pet., MINES (1) Colby Res.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	15	78	10	372	94	49
Corps. Dom. & Foreign Bonds	2	8	33	71	10	126
Industrials	350	360	873	1,933	1,747	4,327
Financial and Props	184	118	375	926	812	1,829
Oils	25	16	51	102	115	253
Plantations	2	1	8	5	5	38
Mines	22	62	94	263	149	440
Others	62	82	114	305	366	629
Totals	662	735	1,556	3,977	3,098	7,691

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday November 9, 1989

Gold Mines Index	+	60.96	Banks	+	18.55
Agencies	+	42.09	Food Manufacturing	+	16.43
Health & Household Products	+	39.89	Leisure	+	15.51
Motors	+	38.82	Financial Group	+	15.11
Insurance(Life)	+	37.39	Transport	+	15.06
Merchant Banks	+	32.59	Mechanical Engineering	+	14.07
Investment Trusts	+	29.71	Chemicals	+	13.88
Food Retailing	+	27.66	Capital Goods	+	13.42
Conglomerates	+	27.47	Stores	+	12.51
Brewers and Distillers	+	25.93	Building Materials	+	12.02
Other Industrial Materials	+	25.33	Publishing & Printing	+	11.08
Mining Finance	+	25.29	Textiles	+	10.74
Insurance(Composite)	+	24.14	Overseas Traders	+	9.84
Oil & Gas	+	23.35	Electricals	+	9.77
Other Groups	+	22.51	Electronics	+	9.13
Consumer Group	+	21.95	Telephone Networks	+	5.66
500 Share Index	+	20.23	Metals & Metal Forming	+	1.90
Industrial Group	+	19.78	Packaging & Paper	+	1.12
All Share Index	+	19.67	Property	-	2.33
Insurance(Brokers)	+	19.12	Contracting,Construction	-	4.95

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-24	-1/32	11.49	11.71	11.83
		9.750	1/98	95-10	-5/32	10.82	10.77	10.76
		9.000	10/08	94-00	-6/32	9.70	9.84	9.74
US TREASURY *		8.000	8/99	100-07	-12/32	7.97	7.98	8.04
		8.125	8/19	102-22	+4/32	7.89	7.94	8.02
JAPAN	No 111	4.600	6/98	94.4398	-0.328	5.55	5.47	5.46
	No 2	5.700	3/07	101.8668	-0.364	5.49	5.32	5.20
GERMANY		8.750	6/99	96.3000	-0.600	7.29	7.20	7.05
FRANCE	BTAN	9.000	7/94	94.6095	-0.187	9.45	9.58	9.29
	OAT	8.125	5/99	94.6300	-0.500	8.97	9.04	8.84
CANADA *		9.500	10/98	100.2500	-0.213	9.45	9.50	9.59
NETHERLANDS		7.250	7/99	87.0700	-0.410	7.69	7.65	7.48
AUSTRALIA		12.000	7/99	92.5373	-0.148	13.39	13.50	13.69

London closing. *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Metals rally runs out of steam

A GENERAL fall yesterday chipped the icing off what had been a pretty good week for the London Metal Exchange bulls. Until then all the metals except lead had been rallying from last week's lows, but at last night's close only copper, aluminium and casb nickel were still ahead of the game.

At the London Futures and Options Exchange (Fox) meanwhile, sugar prices continued to surge while cocoa and coffee futures, though still far from buoyant, managed modast gains. And at the London bullion exchange gold touched a seven-month high of $388.50 a troy ounce before ending $5 up on balance at $385.25 an ounce.

Copper had been the pacemaker on the LME. A fall on Monday, prompted by a 13,000-tonne rise in exchange warehouse stocks, was quickly recouped ae worries about Chilean supplies encouraged huying. And by Thursday's close the cash price was showing a £53 rise at £1,722 a tonne. With traders deciding that the market had become overbought, however, profit-taking yesterday trimmed the week's advance back to £20, in spite of talk of a 10,000-tonna LME stocks decline for this week.

The Chilean concern is based on last weekend's news that miners at Chuquicamata, the country's largest copper mine, had voted to strike if the Pinochet Government passed a controversial law reorganising a the management of Codelco, the state-owned copper corporetion. The proposed law wonld limit the freedom of future civilian governments with regard to the organisation of the corporation. The management of Codelco, the world's biggest coppar producer, would be decentralised, its operations would be limited to copper mining and the Government would be empowered to privatise its service areas, including power generation.

With copper supplies already fairly tight the prospect of a stoppage by Codelco's 22,000 workers is making traders on the LME and at New York's Comex think twice about selling the metal short.

The LME's most consistent performer wae aluminium, which advanced steadily until yesterday, when the cash price held its ground at $1,802.50 a tonne, up $75 on the week. A biggish fall in LME stocks last week helped to set the market on its npward courae and expectations of a fall in the International Primary Aluminium Institute's non-communist world stocks figure fuelled the advance. Ironically, the publication of a slightly larger than expected IPAI stocks fall yesterday was widely taken as the signal for profit-taking and a price gain made early in the day was wiped out.

Almost as consistent was the lead market, which turned in a nap hand of falls taking the cash price down £28 to £437 a tonne. The metal's weakness was attribnted to slower US demand, reflecting a fall in car sales. This could release supplies to ease the tightness of the European and Far Eastern markets, traders suggested.

Tin started the week on a buoyant note but ran into resistance after gaining $190 over the first two days. And with concern growing about the potential impact of sales of tin held as collateral by creditor bankers after the, supposedly imminent, out-of-court settlement of claims arising out the collapse of the International Tin Council the market lost ground quickly. By last night's close the cash price was down $45 on the week at $7,130 a tonne, the lowest level since the relaunching of the contract at the begining of June.

In view of the recent strength of the sugar market, London trader E.D. & F. Man was obviously not sticking its neck out too far when it said, in its market report published on Monday, that the raw sugar price could break through the 15 cents a lb barrier "at any time." But the observation was undeniably timely. The breakthrough came on Thursday in New York and yesterday on the London futures market.

Man said raw sugar fundamentals were now far more constructive than they had been at the beginning of the 1988-89 season, with the drawdown from stocks already having reached 4.5m tonnes and another year of significant supply shortfall expected.

Specifically it pointed to large Soviet purchases, Brazil's axport problems and an increase in demand from toll refiners, whicb had left the market with an "inadequate supply." And it expected that China and the Soviet Union would again be big buyers in the coming season.

Brazil announced this week that it had extricated itself from its export problem through a complicated agreement with traders involving the handing over of its remaining US quota entitlement and delivering extra white sugar (partially covering a heavy shortfall on demerara contracts). But its total shipments will still be 175,000 tonnes below the contracted level.

Richard Mooney

APPOINTMENTS

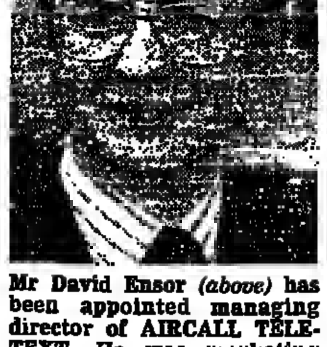
Carlsberg marketing director

■ CARLSBERG BREWERY has appointed Mr Stephen Kay as UK marketing director. He was marketing director of Whitbread's take-home division.

■ Mr Tim Harrison has been appointed 3i local director, Guildford. He moves from Birmingham, and succeeds Mr Roger Pett, who has moved to London.

■ Mr Norman Deas has been appointed director and general manager of WHOLESALE CATERING EQUIPMENT UK, *Leicester, part of Glynwed* International. He was with Compass Services.

■ Sir Anthony Jolliffe has joined the board of MANAGEMENT FIRST.



Mr David Ensor *(above)* has been appointed managing director of AIRCALL TELETEXT. He was marketing director.

■ CHARTERHOUSE has appointed Mr John High as group information systems director. He was a partner with Deloitte Haskins & Sells.

■ Following a re-organisation of NATIONWIDE ANGLIA BUILDING SOCIETY's treasury team Mr Paul Barrett has beeo appointed treasurer, risk management, and Mr Stuart Raven, treasurer, operations. Both are at assistant general manager level.

■ TIE RACK has appointed Mr R.A. Flax as retail director, and Mr I.C. Barry as operations director.

■ Mr John Green has been appointed a director of THE PIRBIC GROUP. He was sales and marketing director, Abbey MicroSystems.

■ Mr John Munday has joined the OMNIA GROUP, and will be responsible for technical and marketing activities in the south of England, and for the southern operations of manufacturing subsidiary Deecrete Floors. He was managing director, Katzenberger Group.

■ Mr Michael Brown, financial controller, has been promoted to finance director of GLENGATE HOLDINGS.

■ Mr Barry Langley has been appointed an associate director of YASUDA TRUST EUROPE.

■ CAMBRIDGE LIFE SCIENCES, recently merged with Walker Laboratories, Ely, has appointed Mr Peter Blake as sales and marketing director.

■ TRITON EUROPE has appointed Mr Charles B. Crowell to the board. He is a senior vice president, Triton Energy, Dallas.

T&N automotive products posts

■ From December 1 Mr Bill Everitt becomes managing director of T&N's automotive component businesses, and Mr Ian Much is made managing director, engineering and industrial activities. Mr David Carruthers will be made executive director, piston products and bearings, and Dr Amar Sabberwal, executive director, friction products and automotive gaskets.

■ COMPASS HEALTHCARE has appointed Mr Eugene Hayes as finance director. He was a commercial director with the Compass Group.

■ THE DECLAN KELLY GROUP has appointed Mr Robin Best as group financial controller - he was finance director of subsidiary Guildway; Mr Philip Edwards as financial controller of joint ventures - be was a manager with the John Brown Group; and Mr Bruce Rea-Palmer as group treasurer.

■ TUSKAR RESOURCES has appointed Mr Frank Traynor as group finance director from January 1. He is group managing director of Silvermines Group.

■ CITICORP SCRIMGEOUR VICKERS has appointed Mr Daniel Jeffreys as a research director in the economics team from January 1. He was economics and business editor with BBC Television. Before joining the BBC in 1988, he was chief economist with Cazenove & Co.

■ Mr Malcolm Gill has been appointed group managing director of the MDIS GROUP. He was chief executive of International Thomson Publishing.

Mr Ron Skuse *(above)* has been appointed managing director designate of RASHLEIGH PHIPPS ELECTRICAL, a Trafalgar House company. He was overseas marketing manager, Wessex Water.

■ Mr George Prescott has joined the board of ST ANDREW TRUST whicb is managed by Martin Currie. Mr Prescott is an assistant general manager of the Ecclesiastical Insurance Group, major shareholder in St Andrew Trust, and has been an alternate director for four years. Mr Eric McAuslan joins the board, representing the managers, following the retirement of Mr Robin Young. Mr McAuslan is s director of Martin Currie Investment Management.

■ Mr Alan Keat will be standing down as a non-executive director of BEAZER at the annual meeting on November 30. He is a partner with Travers Smith Braithwaite, Beazer's solicitors. From December 1 Mr Stephen Desmond Watkins becomes a non-executive director. He recently retired as a director of Shell International Petroleum Co.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	54.74	54.74	58.55	-0.04	4.68
Gilts & Fixed Int	6	109.00	109.0	115.7	-0.40	8.64
High Inc Equity	6	129.10	131.9xd	140.4	-0.30	4.52
Worldwide Bond	6	203.40	203.4xd	215.5	-1.00	4.92
Capital Growth						
American Growth	6	199.20	200.2	213.0	-1.00	0.89
Asian Pacific	6	114.30	116.5	124.0	+0.60	1.05
Assets & Earnings	6	151.50	151.5xd	162.1	-0.20	2.28
Capital Reserve Acc	0	87.79	87.79	87.79	-0.03	4.55
Capital Reserve Inc	0	77.03	77.93	78.10	-0.03	5.12
Comdty & Energy	6	115.70	118.2	125.8	-0.30	1.51
1992 Enterprise	6	58.51	58.51	62.58	-0.20	2.05
Euro Capital Acc	6	92.61	93.35	99.31	-0.22	0.78
Euro Capital Inc	6	89.50	90.00	95.75	-0.22	0.78
General	6	172.00	172.0	184.0	-0.40	2.72
International	6	56.61	57.24	60.90	-0.13	0.82
Japan	6	122.30	124.6xd	132.6	-0.10	0.00
Masterfund	6	88.05	90.05	96.32	-0.21	1.76
UK Growth Acc	6	177.60	177.6xd	190.0	-0.30	1.47
UK Growth Dist	6	117.30	117.3xd	125.5	+0.30	2.23
US Emerging Cos	6	54.09	55.46xd	59.00	-0.35	–
Income & Growth	6	[illegible]	298.1xd	317.[illegible]	-0.30	[illegible]
Ethical	6	45.84	47.20	50.[illegible]	-0.27	[illegible]
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	33.04	33.04xd	35.27	-0.04	2.76
European	5¼	70.96	73.13	75.41	+0.19	0.00
European Income	5¼	67.67	67.67	72.23	-0.04	2.48
Exempt	1	757.4	757.4xd	787.7	+0.60	1.83
Extra Income	5¼	42.56	42.55	45.42	+0.10	4.49
F East Emerg Econ	5¼	60.34	60.59	64.98	-0.44	0.20
Fund Inv Tst	5	125.2	128.6xd	137.3	-0.10	1.87
Do Accum	5	196.3	201.6xd	215.3	-0.20	1.87
Gilt & Fixed Int	5¼	20.52	21.25xd	22.68		10.51
Income & Growth	5¼	69.24	69.24xd	73.01	+0.40	3.88
Intl Income	5¼	65.01	65.01xd	69.40	+0.10	4.76
Japan	5¼	217.2	217.2	231.0	-1.20	0.00
Pacific	5¼	441.9	442.2	473.4	-4.10	0.17
Secure Income	5	198.4	198.4xd	203.3	+0.70	5.88
Smaller Companies	5¼	54.34	54.34	58.01	+0.03	2.29
Special Situations	5¼	67.05	67.05xd	71.57	[illegible]	[illegible]
UK Growth	5¼	[illegible]	36.31xd	50.76	[illegible]	[illegible]
World Growth	5¼	53.71	53.71xd	57.34	[illegible]	[illegible]
Acorn Unit Trust Managers Ltd (1100)F						
1 White Hart Yd, London Bridge SE1 1NX 01-407 5966						
Ethical 1st	5	102.9	107.9	113.5	+1	2.62
Do Accum	5	105.8	110.0	115.5	+0.8	2.62
Aegis Unit Tst Mngmt Ltd (1400)F						
94 Whiteladies Rd, Bristol, BS8 1QX 0272 237593						
Intl Growth	6	48.96	49.82	53.00		1.50
Managed Income	3	50.42	50.66	52.13	+0.02	5.00
CAMrc Intl Recovery	5	47.92	48.94	52.57	-0.23	1.69
Clifton Prem Perf	6	51.51	52.66	56.02	-0.05	1.60
Global Sector Portfolio	6	48.16	48.64	51.75	-0.03	0.00
IPS Income & Gwth	6	51.96	52.41	55.76	-0.11	5.00
St Nicholas St Gth Inc	5	43.97	46.18	49.39	-0.05	1.70
St Nicholas St Gth Acc	5	46.98	48.25	51.60	-0.05	1.70
Blackstone Franks UK	5	42.92	43.68	45.98	-0.06	1.50
Blackstone Franks UK Acc	3	43.52	44.39	46.73	-0.06	1.50
Blackstone Franks Intl	5	55.25	57.51	60.54	+0.1	1.50
Blackstone Franks Intl Acc	5	55.74	58.02	61.07	+0.1	1.50
AEtna Unit Trusts Ltd (1600)F						
AEtna House, 2 12 Pentonville Road London N1 9XG						
Dealing 0277 261010 Advice 01-837 6494						
European Growth	5	155.7	155.7	167.1	+1.7	0.73
Exempt	2	409.8	409.8	430.7	+0.6	5.50
(Accum Units)	2	1075.0	1075.0	1129.0	+2.0	5.50
Far Eastern	5	275.4	275.4	294.8	+3.4	0.00
(Accum Units)	5	299.5	299.5	320.7	+3.7	0.00
Fin & Property	5	70.68	70.68	74.87	-0.81	2.83
(Accum Units)	5	117.3	117.3	124.3	-0.9	2.83
High Yield	5	83.64	85.47xd	90.54	-0.10	5.49
(Accum Units)	5	212.6	217.2	230.0	+0.2	5.49
Iberian Growth	5	61.16	61.16xd	65.34	+0.02	0.00
Income & Growth	5	330.4	330.4	350.0	+0.9	4.75
(Accum Units)	5	1157.0	1157.0	1225.0	+3.0	4.75
Intl Earnings	5	217.1	217.1xd	229.4	+0.7	2.40
(Accum Units)	5	338.4	338.4	358.4	+1.1	2.40
Intl Growth	5	114.3	116.2xd	123.7	+0.7	0.18
(Accum Units)	5	120.4	122.4	130.3	+0.7	0.18
Japan Gwth (Acc)	5	184.7	184.7	197.6	+1.3	0.00
Nth Amer Gwth	5	147.7	147.7xd	156.1	+0.3	2.84
(Accum Units)	5	176.8	176.8	186.4	-0.2	2.04
Preference	5	119.3	122.5xd	129.7	+0.1	10.32
(Accum Units)	5	402.4	413.3	437.8	-0.4	10.32
Smaller Cos	5	261.6	261.6xd	277.1	-2.4	1.74
(Accum Units)	5	367.2	367.2	389.0	-3.3	1.74
Smaller Cos Dist	5	87.13	87.13	92.29	-0.15	5.14
(Accum Units)	5	112.2	112.2	119.9	-0.2	5.14
Special Sits	5	129.3	129.3	137.0	+0.5	1.53
(Accum Units)	5	141.1	141.1	149.4	+0.5	1.53
UK Growth	5	449.3	449.3xd	475.9	+2.3	2.81
(Accum Units)	5	872.6	872.6	924.3	+4.5	2.81
Allchurches Inv Mgmt Servs Ltd (1200)H						
19/21 Billiter Street, London EC3M 2RY 01-528 7364						
Amity Income	5	59.11	60.43xd	64.11	+0.13	4.16
Amity Accum	5	61.61	62.98xd	66.82	+0.13	4.16
Income Builder Inc	5½	47.00	48.28	51.36	-0.06	4.80
Income Builder Acc	5½	47.89	49.20	52.33	-0.06	4.80
Allied Dunbar Unit Tsts PLC (1600)F						
Allied Dunbar Centre, Swindon, SN1 1EL						
0793 514514 Dealing 0793 610366						
Balanced Trusts						
Growth & Income	5	167.2	167.2xd	178.0	+1.0	3.74
Capital	5	280.7	280.7xd	298.4	+1.2	2.04
Balanced	5	470.3	470.3	500.8	+3.1	2.44
Accumulator	5	741.4	741.4xd	789.5	+4.8	3.61
Income Trusts						
American Income	5	36.56	36.56	38.93	-0.14	3.85
High Income	5	330.7	333.0	354.6	+2.2	4.70
Equity Income	5	187.3	188.3	200.5	+0.3	4.77
High Yield	5	195.8	196.8xd	209.5	+1.2	4.60
Govt Securities	5	29.04	29.04xd	30.54	-0.02	7.96
International Trusts						
Amer Spec Sits	5	84.36	84.36xd	89.84	+0.3	1.37

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr, Cottons Lane Lon. SE1 2QL 01-234 6000						
Growth Fd Acc	5	108.7	110.2xd	116.3	+0.1	4.50
CIS Unit Managers Ltd (1000)F						
PO Box 105 Manchester M60 0AH 061 837 5060						
UK Growth	6	97.75	99.54	105.4	+0.6	2.25
UK Income	6	97.62	99.26	105.6	+0.5	5.40
CS Fund Managers Limited (1000)H						
125 High Holborn, London WC1V 6PY 01-242 1148						
CS America	5	63.94	63.94	68.02	+0.01	1.17
CS International	5	58.72	58.72xd	62.46	+0.04	1.82
CS Japan	5	151.3	151.3	165.9	+0.3	0.29
CS Portfolio Inv ♦	5	69.95	69.95	74.41	-0.06	3.00
Canada Life Unit Tst Mgrs Ltd (1200)F						
High St, Potters Bar, Herts EN6 5BA 0707 51122						
Can Gen Dist	5	142.5	145.0	152.7	+1.2	3.03
Do Gen Accum	5	240.6	245.0	257.9	+2.1	3.03
Do Income Dist	5	91.17	93.51xd	98.43	-0.38	5.72
Do Inc Accum	5	214.8	220.3	231.9	+0.90	5.72
Gilt & Fxd Int	5	36.12	36.25	38.15	+0.02	8.41
Cannon Fund Managers Ltd (0700)H						
1 Olympic Way, Wembley, HA9 0NB						
01-902 8876 Dealing 0800 282621						
Growth	5½	37.18	37.67	40.29	-0.12	2.54
Income	5½	46.83	47.67	50.98	-0.11	4.80
Far East ♦	5½	40.47	41.23	43.86	+0.20	0.05
North American ♦	5½	40.05	40.49	43.30	+0.10	1.64
Global ♦	5½	57.67	58.73	62.45	+0.14	1.59
European	5½	59.12	59.12	63.94	+0.86	0.84
Japan ♦	5½	110.5	121.5xd	129.3	+0.80	0.01
Intl Currency Bd	5½	44.58	44.58xd	47.20	+0.01	6.36
Strategic Opps	5½	51.61	51.61	55.20	+0.18	1.31
Capability Trust Mngrs Ltd (1200)F						
Admin 5 Rayleigh Road, Hutton, Brentwood Essex						
Enquiries 0277 227300 Dealing 0277 261010						
American & Gen	5	81.40	81.49xd	86.69	-0.94	1.31
(Accum Units)	5	85.49	85.49xd	90.95	-0.98	1.31
European Inc	5	59.43	59.43	63.22	-0.64	0.95
(Accum Units)	5	60.53	60.53	64.39	-0.66	0.95
Far East & Gen	5	70.02	70.02	74.49	-0.34	0.00
(Accum Units)	5	70.02	70.02	74.49	-0.34	0.00
Glenfriars	5	256.0	256.0	272.4	+1.3	2.20
(Accum Units)	5	268.3	269.4	286.6	+1.4	2.20
Growth	5	257.1	257.1	273.5	+0.4	3.53
(Accum Units)	5	399.8	399.8	425.3	+0.6	3.53
Income & Growth	5	311.6	316.3	336.5	+0.8	5.03
(Accum Units)	5	357.4	360.5	383.5	+0.9	5.05
Master Portfolio	1½	8304	8309xd	8610	+0.16	2.42
(Accum Units)	1½	8854	8859xd	9180	+0.11	2.42
Special Sits	5	61.67	61.67	65.61	-0.10	[illegible]
(Accum Units)	5	65.29	65.29	69.46	+0.10	[illegible]
Exempt Fund						
High Yield	2	965.8	978.0xd	1008.2	+5.2	5.41
(Accum Units)	2	965.8	970.0xd	1008.2	+5.2	5.49
James Capel Unit Tst Mngt Ltd (1535)F						
P O Box 552, 7 Devonshire Sq, London EC2M 4HU						
01-626 0566 Dealing 01-929 6363						
American Index	5¼	139.2	141.2	149.4	+1	1.59
Capital	5¼	444.2	449.2xd	479.3	+3.2	4.25
European Sp Sits	5¼	71.99	72.15	77.00	+0.35	1.80
Far East Sp Sits	5¼	72.45	72.70	77.58	+0.54	0.81
Gold & General	5¼	69.08	69.82	74.51	+0.03	4.58
Income	5¼	395.6	399.6xd	426.4	+0.8	5.67
Intl Spec Sits	5¼	64.69	65.09	69.46	+0.4	1.91
Nth American	5¼	314.6	316.8	338.0	+1.7	1.69
European Index	5¼	114.8	116.0	122.7	+0.4	1.77
Japan Index	5¼	96.74	97.62	103.3	+0.6	–
Tiger Index	5¼	95.40	97.00	102.7	+0.8	1.75
Capital House Unit Tst Mgrs (0905)H						
Capital House Festival Square, Edinburgh						
031-228 4477 Dealing 0800 833561						
European Gwth	5¼	29.44	29.63	31.52	-0.16	1.25
Income & Gwth	5¼	20.22	20.22	21.51	-0.05	5.32
Intnl Gwth	5¼	24.62	24.62	26.19	-0.08	1.64
Japan Gwth	5¼	27.08	27.22	28.95	-0.02	–
Nth Amer Gwth	5¼	26.96	26.96	28.68	+0.07	1.16
Smaller Cos	5¼	26.77	27.54xd	29.29	+0.05	1.95
UK Growth Tst	5¼	20.93	21.28	22.63	-0.11	1.95
Cazenove Unit Trust Mngmt Ltd (2200)F						
16 Tokenhouse Yard London EC2R 7AN 01-606 0708						
Cazenove Portfolio	5	57.76	58.00	62.13	-0.08	2.62
American Portfolio	5	49.58	49.92	53.40	-0.19	2.00
European Portfolio	5	60.05	60.26xd	64.45	-0.15	1.50
Japanese Portfolio	5	53.86	53.94	57.70	-0.05	–
UK Income & Growth	5	47.50	47.50	50.46	+0.46	5.00
Chase Manhattan Fund Mgrs Ltd (1600)F						
Leconfield Hse, Curzon St, London W1 01-726 7753						
S & C Spec Sits	5	56.79	56.79	59.03	-0.69	6.35
CIGNA Unit Tst Managers Ltd (1700)H						
5 Trump St, London EC2V 8AR 01-796 3571						
European Growth	5¼	73.65	73.65xd	78.44	+0.76	1.34
1992 Euro Spec Ops	5¼	56.86	56.86	60.50	-0.81	0.94
International Inc	5¼	56.89	56.89	60.59	+0.16	3.57
Nth American Gth ♦	5¼	53.99	53.99	57.50	-0.35	1.65
Pacific Growth ♦	5¼	76.79	76.79xd	81.78	+0.57	3.27
UK Growth Acc	5¼	78.76	78.76	83.88	-0.19	3.42
UK Growth Dist	5¼	73.11	73.11	77.86	-0.17	3.42
UK Income	5¼	62.40	62.40	66.46	-0.16	6.47
Citicorp Unit Trust Managers Ltd (1000)F						
Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex						
Enquiries 0277 227300 Dealing 0277 261010						
Bridge Am Gen Inc	5	75.11	75.11	79.06	....	1.23
Do Accum	5	78.28	78.28	82.40	....	1.08
International	6	57.07	57.07	60.71	+0.8	2.06
UK Capital	6	51.12	51.12	54.38	-0.04	2.70
UK Dividend	6	57.64	57.64	61.31	-0.24	5.00

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent all marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♦ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers.
Other explanatory notes contained in last column of the FT Unit Trust information pages.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Premium Life Assurance Co Ltd				
37-39 Perrymount Road, Haywards Heath 0444 458721				
American	123.0	130.0		–
Building Soc. Fd.	180.0	190.0		–
Balanced	275.0	290.0	+1.0	–
European	183.0	193.0	+2.0	–
GT Managed	183.0	193.0		–
Gartmore Mngd.	126.0	133.0		–
German	142.0	150.0	+2.0	–
Gilt	175.0	185.0		–
Global	[illegible]	[illegible]		–
Prudential Holborn Pensions Ltd – Contd.				
Index Linked Gilt	204.2	215.0	–0.2	–
Guaranteed	13.75		–0.12	–
International Money	210.2	221.3		–
North American	79.1	81.5	+0.2	–
Japanese	162.3	170.9	+1.6	–
European	103.5	109.0	+0.5	–
Special Situations	109.9	115.7	+0.6	–
Communications	101.6	107.0	+0.3	–
Smaller Companies	103.7	109.2	+0.1	–
International Small Cos	139.2	146.6	–0.3	–
Scottish Equitable Life Assce. Soc. – Contd.				
Fixed Interest	119.6	125.0		–
Indexed Linked	111.7	117.4		–
Foreign Bond/Currency	151.6	154.6	+0.2	–
Cash	[illegible]	[illegible]	+0.1	–
Ethical	86.7	91.3	–0.1	–
Pens Mixed	481.6	507.0	+1.2	–
Pens UK Equity	489.0	514.8	+4.0	–
Pens International	586.5	617.4	+4.8	–
Pens American	150.9	158.9	+1.7	–
Pens European	200.2	210.8	+3.5	–
Skandia Life Assurance Co Ltd – Contd.				
Commodity Shares	100.8	106.2	+0.4	–
Financial Securities	134.5	141.5	+0.1	–
Gold	70.0	73.6	+0.1	–
Intl. Leisure Mark	184.9	194.6	+1.1	–
Global Income	136.0	143.9	+0.6	–
Property Shares	169.7	178.6	+0.6	–
World Technology	91.8	96.6	+1.3	–
American Growth	144.4	151.9	+1.4	–
U.S. Income	112.1	117.9	+0.6	–
U.S. Small Co	96.5	101.5	+1.3	–
Target Life Assurance Co Ltd – Contd.				
Equity Pens	547.1	575.9	–2.9	–
Index-L Pens	164.7	173.4	+0.8	–
Cash Pen	351.7	370.3	+0.1	–
Leicester Retirement	194.8	205.2		–
Deposit Pension	114.3	120.4	+0.1	–
Alpha Funds				
UK Alpha		155.5		–
US Alpha		73.4		–
Gilt Alpha		54.2		–
Gold Alpha		72.4		–
Roxborough Financial Management Ltd				
123-125 Curtain Road, London EC2A 3BX 01-739 7117				
Managed Fd (NM)		106.8	+0.1	–
Pension Managed (NM)		99.6	+0.1	–
Discretionary Fd (NM)		144.2	+0.3	–
Discretionary Pens Fd (NM)		113.0	+0.1	–
Multi-Trust Fd (SKOs)	96.1	100.1	+0.2	–
Fortress Pens Fd.	117.8	123.4	+0.3	–
Overgrove Mngd (SM)	169.1	178.2	+0.3	–
Mutual Master (SM)	117.0	123.2	+0.3	–
Rutland Ins Bkg & Inv Grp ("RIBIG")				

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

[illegible]

ISLE OF MAN (**)

[illegible]

LUXEMBOURG (**)

[illegible]

OFFSHORE INSURANCES

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100	98¾	Exch 10¼pcCv '89	100xd	.....	–	–
101½	99½	Treas 13pc 1990‡‡	99½	.....	13.06	14.66
133½	124	Treas 2pc IL '90(84.6)	133¼	+⅛	2.09	9.98
99½	98½	Exch 11pc 1990‡‡	99⅛	+⅛	11.10	14.31
101	99½	Exch 12½pc 1990	99⅝	+⅛	12.59	14.43
96	91½	Treas 3pc 1990	96	.....	3.12	11.72
97¼	95⅞	Treas 8¼pc 1987–90‡‡	97¼xd	+⅛	8.49	13.67
98½	95¼	Treas 8pc Cv 1990 ‡‡	96½	–⅛	8.30	13.68
98½	96⅛	Treas 10pcCv 1990	97⅛	–⅛	10.30	13.39
93½	87½	Exch 2½pc 1990	92½xd	–⅛	2.70	10.13
101½	98½	Treas 11½pc 1991	98½	.....	11.91	12.98
93⅝	89⅝	Funding 5¾pc '87–91‡‡	93⅛	.....	6.18	11.27
90⅞	86½	Treas 3pc 1991	90⅝	–⅛	3.31	9.91
100⅛	95½	Treas 10pc Cv '91 ‡‡	96½	.....	10.36	12.37
101	96½	Exch 11pc 1991	97⅝	+⅛	11.24	12.25
94¼	91½	Treas 8pc 1991	92½xd	.....	8.65	12.21
106½	100½	Treas 12¾pc 1992‡‡	101½	–⅛	12.52	11.74
99½	95½	Treas 10pc 1992	96½	–⅛	10.37	11.78
94½	90½	Treas 8pc 1992 ‡‡	92½	–⅛	8.67	11.75
100¼	96½	Treas 10½pc Cv 1992‡‡	97¼	–⅛	10.74	11.57
85⅝	82¼	Treas 3pc 1992	84½xd	–⅛	3.54	9.84
105½	100¼	Exch 12¼pc '92	101¼	–⅛	12.08	11.61
109⅛	103½	Exch 13½pc 1992	104¼	–⅛	12.89	11.48
94½	90½	Treas 8¼pc 1993	91½	.....	9.00	11.35
100½	95½	Treas 10pc 1993‡‡	96½	–⅛	10.35	11.20
108¼	102½	Treas 12½pc 1993‡‡	103⅝	–⅛	12.07	11.27
88¼	84½	Funding 6pc 1993‡‡	86½	–⅛	6.91	10.21
113½	107½	Treas 13¾pc 1993‡‡	108½xd	–⅛	12.71	11.17
94½	89⅝	Treas 8½pc 1994	91½	–⅛	9.33	11.18
117½	111½	Treas 14½pc 1994‡‡	111½	–⅛	12.98	11.00
113½	107½	Exch 13½pc 1994	108½	–⅛	12.49	11.13
100⅝	95½	Treas 10pc Ln 1994‡‡	96½xd	–⅛	10.36	11.00
110¼	104½	Exch 12½pc 1994	104½	–⅛	11.91	11.12

Five to Fifteen Years

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
96½	91⅛	Treas 9pc 1994‡‡	92½xd	–⅛	9.7[illegible]	10.90
108½	102½	Treas 12pc 1995	103⅛	–⅛	11.[illegible]	11.06
79⅝	72	Exch 3pc Gas 90–95	76½	–⅛	3.9[illegible]	8.39
101½	95¾	Exch 10¼pc 1995	97¼	–⅛	10.[illegible]	10.94
113½	107¼	Treas 12¾pc 1995‡‡	108½xd	–⅛	11.[illegible]	10.83
119½	112	Treas 14pc '96	112½	–⅛	12.[illegible]	11.03
97½	91½	Treas 9pc 1992–96‡‡	92¼	–⅛	9.74	10.68
126½	119	Treas 15¼pc 1996‡‡	119½	–⅛	12.[illegible]	10.88
117⅝	110	Exch 13¼pc 1996‡‡	111½xd	–⅛	11.9[illegible]	10.83
101½	94½	Conversion 10pc 1996	96½xd	–⅛	10.[illegible]	10.71
118½	110¼	Treas 13¼pc 1997‡‡	111⅛	–⅛	11.[illegible]	10.80
104½	97¼	Exch 10½pc 1997	98½	–⅛	10.[illegible]	10.71
95½	88¾	Treas 8¾pc 1997‡‡	90¼	–⅛	9.[illegible]	10.50
128¼	120½	Exch 15pc 1997	121¼	–⅛	12.37	10.91
100½	93½	Exch 9¾pc 1998	95½	–⅛	10.23	10.61
84⅞	78⅞	Treas 6¾pc 1995–98‡‡	80⅝	–⅛	8.36	10.20
134⅞	125½	Treas 15½pc '98‡‡	126⅝	–⅛	12.24	10.76
113½	105¾	Exch 12pc 1998	107½xd	–⅛	11.19	10.72
100¼	93⅞	Treas 9½pc 1999‡‡	95	–⅛	10.00	10.33
115⅞	107½	Exch 12¼pc 1999	109⅛	–⅛	11.23	10.68
105⅛	97⅞	Treas 10½pc 1999	99½xd	–⅛	10.54	10.56
104½	96⅛	Conversion 10¼pc 1999	98½xd	–⅛	10.44	10.55
94½	86⅞	Treas 8½pc Ln 2000‡‡	88⅞	–⅛	9.56	10.27
97½	90	Conversion 9pc 2000‡‡	91½	–⅛	9.79	10.28
122⅞	113½	Treas 13pc 2000	114½	–⅛	11.34	10.66
103⅞	95¼	Treas 10pc 2001	97½	–⅛	10.27	10.38
114½	113½	Treas 14pc '98–01	117½xd	–⅛	11.96	10.87
102½	94½	Conversion 9¾pc 2001	96	–⅛	10.15	10.33
113½	105½	Exch 12pc '99–02	107½	–⅛	11.21	10.75
104½	96½	Conversion 10pc 2002	98¼	–⅛	10.19	10.27
102½	94½	Treas 9¾pc 2002	96½	–⅛	10.10	10.23
97½	89½	Exch 9pc 2002	91½xd	–⅛	9.83	10.16
126½	117½	Treas 13¾pc 2000–03	118½	–⅛	11.56	10.71
105¼	97¼	Treas 10pc 2003	99½	–⅛	10.09	10.11
113½	104½	Treas 11½pc 2001–04	106¼	–⅛	10.81	10.52
106½	97⅞	Treas 10pc 2004	99½xd	–⅛	10.06	10.07
59⅞	55	Funding 3½pc '99–04	55½	–⅛	6.21	8.88
102½	94¼	Conversion 9½pc 2004	96¼	–⅛	9.89	10.01

BRITISH FUNDS—Contd

Over Fifteen Years

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
103½	94½	Conversion 9½pc 2005	96½	–⅛	9.[illegible]	9.97
111¼	102½	Exch 10½pc 2005	104½	–⅛	10.[illegible]	9.96
125½	115⅛	Treas 12½pc 2003–05	117½xd	–⅛	10.[illegible]	10.15
90⅞	82⅞	Treas 8pc 2002–06‡‡	84½xd	–⅛	9.[illegible]	9.91
105⅞	97½	Conversion 9¾pc 2006	98½xd	–⅛	9.[illegible]	9.92
118½	109½	Treas 11¾pc 2003–07	111¼	–⅛	10.[illegible]	10.17
96½	87½	Treas 8½pc 2007 ‡‡	89½	–⅛	9.5[illegible]	9.77
134⅝	123⅝	Treas 13½pc '04–08	125½	–⅛	10.[illegible]	10.10
101½	92½	Treas 9pc 2008 ‡‡	94	–⅛	[illegible]	9.70
92½	84½	Treas 8pc 2009	85½	–⅛	[illegible]	9.64
102½	93½	Conv 9pc Ln 2011 ‡‡	94½	–⅛	[illegible]	9.61
68⅞	62⅞	Treas 5½pc 2008–12‡‡	63½	–⅛	8.[illegible]	9.41
89⅞	81⅝	Treas 7¾pc 2012–15‡‡	82½	–⅛	9.3[illegible]	9.57
132½	120½	Exch 12pc '13–'17	122½xd	–⅛	[illegible]	9.64

Undated

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
45⅝	40¾	Consols 4pc	41½	–⅛	9.82	–
40⅞	36¼	War Loan 3½pc‡‡	36½xd	–⅛	9.57	–
70½	60⅞	Conv 3½pc '61 Aft	62⅞	–⅛	5.61	–
41½	31½	Treas 3pc '66 Aft	32½	–⅛	9.14	–
30¼	25½	Consols 2½pc	25½	–⅛	9.64	–
29½	25¼	Treas 2½pc	25⅝	–⅛	9.71	–

Index-Linked

1989 High	1989 Low	Stock (b)	Price £	+ or –	(1)	(2)
112¼	103½	Tr. 2pc '92‡‡(97.8)	111⅞	+½	2.59	3.66
105½	94½	Do. 2 '94 (102.9)	104½xd	+⅛	2.72	3.28
155½	139½	Do. 2pc '96(67.9)	153½	+1	2.95	3.33
130½	118½	Do 2½pc '01(78.3)	119½	+⅛	3.38	3.63
127½	115½	Do. 2½pc '03(78.8)	126½xd	+⅛	3.46	3.68
131½	117½	Do. 2pc '06(69.5)	129½	+⅛	3.50	3.67
123½	110½	Do. 2½pc '09(78.8)	121½xd	+⅛	3.50	3.66
128	114½	Do. 2½pc '11(74.6)	126½	+⅛	3.49	3.64
106¼	95¼	Do. 2½pc '13(89.2)	104¼	+⅛	3.48	3.62
115½	101¼	Do. 2½pc '16(81.6)	113½	.....	3.44	3.58
112½	100½	Do. 2½pc '20(83.0)	111½	+⅛	3.40	3.42
95½	84½	Do. 2½pc '24‡‡(97.7)	93½	.....	3.36	3.47

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1989: 111.8 and for September 1989: 116.6.

INT. BANK AND O'SEAS

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
108½	99½	African Dv Bk 11¼Ln 2010	101	–⅛	11.01	10.99
104½	96½	Asian Dev Bk 10¼pcLn2009	97½	–⅛	10.56	10.61
130½	118½	Australia 13½pc 2010	120½	–⅛	11.22	10.99
113½	102½	Do. 11½pcLn2015	103½	–⅛	10.94	10.91
110½	99½	Euro Inv Bk 11pc Ln 2002	101½	+⅛	10.84	10.78
104½	95½	Do. 10½pc2004	97½	–⅛	10.69	10.77
119½	107½	Int-Am Dev Bk 12½pc 2003	118½	–⅛	11.32	10.96
99¼	90½	Do. 9¾pcLn 2015	92½	–⅛	10.57	10.64
97½	91½	Mlysia 10⅝pcLn 2009	92xd	.....	11.56	11.66
120	114	NZ Mexican States 16½pc 2008	114	.....	14.47	14.20

CORPORATION LOANS

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
102	99½	Birmingham 13½pc 1989	99¼xd	.....	13.57	11.20
111½	102½	Do. 11½pc 2012	102½xd	.....	11.22	11.20
91	85½	GLC 6¾pc 1990–92	87½xd	.....	7.80	13.70
124½	110	Leeds 13½pc 2006	117½	.....	11.49	11.06
33	30	Liverpool 3½pc Irred	30xd	.....	11.67	–
95½	92	LCC 6¾pc '88–90	95½	.....	7.07	11.60
30	28	Do. 3pc '20 Aft	28xd	.....	10.71	–
107½	101½	Manchester 11½pc 2007	102½xd	.....	11.22	11.20

COMMONWEALTH & AFRICAN LOANS

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
89½	86½	NZ 7¼pc 1988–92	88	.....	8.24	12.10
206	206	S Rhod 2½pc Non-Asstd	206	.....	–	–
84½	84½	Do. 4½pc 87–92 Asstd	84½	.....	5.33	9.33

LOANS

Building Societies

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
100	98½	N'wide Anglia 12⅛pc 4.12.89	99½	.....	12.34	15.21
100½	99½	Do 12½pc 2.1.90	99½	.....	12.86	15.17
100½	98¾	Do. 12⅛pc 29.1.90	99¼	.....	12.66	15.22
100	98¼	Do 12½pc 26.2.90	99½	.....	12.80	15.24
100	98½	Do. 12¾pc 19.3.90	99½	.....	12.98	15.22
100½	98½	Do. 13¼pc 23.4.90	99½xd	.....	13.48	15.21
100	98½	Do. 13pc 14.5.90	99½	.....	13.13	15.15
100	98⅝	Do. 13½pc 4/6/90	99½	.....	13.77	15.10
100½	99½	Do. 14⅛pc 2.7.90	99½	.....	14.39	15.03
100½	98½	Do. 13¼pc 23.7.90	99½	.....	13.75	14.89
100	98½	Do. 13⅛pc 13.8.90	98½	.....	13.44	14.79
100	98½	Do 13½pc Bds 3.9.90	99½	.....	13.63	14.61
107½	98½	Do. 3⅞pcIL Ln 2021	107½xd	+½	4.15	4.20
107½	99½	Do. 4.25pcIL '24	106½	+½		

Public Board and Ind.

1989 High	1989 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
47½	43	Met. Wtr. 3pc 'B'	46xd	.....	6.52	10.62

FOREIGN BONDS & RAILS

1989 High	1989 Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass	40	....	3.50	f8.75
45	40	Do. 6pc 28 Stb. Ass	40xd	..	3	f7.50
45	40	Do 4pc Mixed Ass	40xd	....	2	f5.00
80	65	Hung. '24 Ass	80	...	2.75	f3.57
139½	127½	Hydro Quebec 15pc 2011	129½	–⅛	15.00	11.36
128½	116¾	Iceland 14½pc Ln 2016	116¾xd	.....	14.50	12.32
97¼	90½	Ireland 9¾pc '91–96	91xd	...	9.75	11.70

AMERICANS

1989 High	1989 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
43½	26½	Abbott Laboratories	41½xd	+⅛	$1.40	–	2.1
579p	361p	Allegheny & W 1c	457p	–8	30c	–	4.2
18⅞	12½	Amax $1	14½xd	+⅛	80c	–	3.5
11¼	6	Ambase Corp $1	0¼xd	–⅛	20c	–	1.6
15	695p	Amdahl 5c	702pxd	–7	h10c	–	0.9
37½	25½	Amer Cyanamid $5	32	+⅛	$1.35	–	2.7
25½	14½	Amer. Express 60c	22½xd	...	84c	–	2.4
28¼	15¾	American T & T. $1	27½	–⅛	$1.20	–	2.8
41¼	26½	Ameritech $1	36¼	–⅛	H$2.92	–	4.8
659p	524p	Asiamerica Equity	560p	–7	–	–	–
22½	9⅝	BankAmerica $1⅛	10½xd	+⅛	60c	–	2.1
37½	19⅝	Bankers N.Y. $1	29⅝xd	–⅛	$2.12	–	4.5
66⅝	38½	Bell Atlantic $1	64¼	–⅛	$4.40	–	4.3
35½	19½	BellSouth Corp	32½	–⅛	$2.52	–	4.9
15½	9½	Bethlehem Steel $8	9½xd	.....	40c	–	2.6
12	868p	Bio-Rad Labs A	10¼	–⅛	–	–	–
20¼	15¼	Bowater Inc	16½	+⅛	$1.12	–	4.2
12½	8½	Brunswick 75c	0½xd	.....	44c	–	3.3
43½	28½	CPC Intnl. 25c	43½	+⅛	$1.80	–	2.6
863p	333p	California Engy	662p	–23	–	–	–
36½	17¼	Campbell Soup 15c	28¼xd	–⅛	92c	–	2.1
28½	15½	Chase Manhattan $12½	23⅛xd	+⅛	$2.36	–	6.4
26¼	17	Chem. Banking Corpn.	20½	+⅛	$2.72	–	8.4
17½	12½	Chrysler $6¼	12½xd	–⅛	$1.20	–	6.0
22½	14½	Citicorp $1	19xd	+⅛	$1.62	–	5.4
41¼	25¼	Colgate-Palmolive $1	37½xd	–½	s$1.48	–	2.5
17¼	10¼	Cont'l Bank Corp $4	14¼	.....	80c	–	3.6
410p	218p	Corporate Data Scnce	288p	–46	–	–	–
27½	21½	Dana Corp $1	21½xd	+⅛	$1.60	–	4.7
12	845p	Data General	852p	–7	–	–	–
38¼	28¼	Dun & Bradstreet $1	32	+1⅛	$2.00	–	4.0
43¼	30½	Eaton Corpn. 50c	33¼	+⅛	h$2.00	–	3.7
11¼	8¼	Echlin Inc	0⅞	+⅛	70c	–	5.0
21½	16⅞	FPL Group 1c	21½xd	+⅛	$2.28	–	6.7
23½	13½	Fluor Corp 62½pc	18¼	+⅛	16c	–	0.5
35½	27½	Ford Motor $1	28½xd	–⅛	$3.00	–	6.7
37¼	24¼	Gen. Elect. 63c	34¼	–⅛	$1.64	–	3.0
579p	410p	General Host Corp $1	410p	–7	30c	–	4.6
39¼	18½	Gillette $1	28½	+⅛	96c	–	2.2
987p	488p	Gt American Bank Bk $1	488p	–8	20c	–	2.6
23½	16½	Greyhound $1½	20¼	+⅛	$1.32	–	4.1

Continued on next page

[illegible]

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

UNIT TRUST NOTES

[illegible]

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AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS — Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES – Contd

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES – Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha, β Beta, γ Gamma

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ¶ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ■ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	87	......
Craig & Rose £1 .. γ	830	......
Finlay Pkg. 5p ... γ	68	......
Holt (Jos) 25p ... γ	1343	......

IRISH

Cap. 8½% Ln. 1991	£96¼	......
9pc Cap Ln. 1996	£97½	......
Fin. 13% 97/02	£116	......
Arnotts	405	+5
Carrol (P J.) ... γ	150	......
Hall (R & H.)	165	......
Heiton Hldgs ... γ	88	−3
IRG	228	+1
United Drug	130	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5¾
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	28
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	8
FNFC	22
Gen Accident	92
GEC	19
Glaxo	120
Grand Met	44
Guardian	19
GKN	33
Hanson	15
Hawker Sidd	55
ICI	98
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	30
Nat West Bk	25
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	39
Rank Org Ord	72
Reed Intnl	34
STC	23
Sears	9
Smithkline Bchm A	48
TI	38
TSB	9
Tesco	16
Thorn EMI	65
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	15

Oils

Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines

Lonrho	23
RTZ	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

FINANCIAL TIMES
Weekend November 11/November 12 1989

Blue Arrow 11 remanded on bail of £100,000 each

By Richard Waters and David Barchard

THE ELEVEN people, including hankers, stockbrokers and a lawyer, facing criminal charges over the Blue Arrow affair made their first court appearance before Guildhall magistrates in the City of London yesterday.

After a hearing lasting several hours, they were each remanded on £100,000 bail until January 12.

All 11 and their legal edvisers, together with representatives of County NatWest, its parent NatWest Investment Bank and UBS Phillips & Drew, which are also charged, packed the small Number Two court to hear the charges.

They were accused of conspiracy to defraud investors or potential investors in Blue Arrow, which had launched an unsuccessful rights issue in the autumn of 1987, by concealing a 19.39 per cent stake in the company. These shares had not been taken up in the market but were kept hidden by a series of actions which are outlined in the charge.

In addition, eight of the accused – Mr Charles Nigel Villiers, Mr Jonathan Cohen, Mr David Reed, Mr Nicholas Wells, Mr Christopher Stainforth, Mr Martin Gihhs, Mr Paul Smallwood, and Mr Timothy Brown – were charged with conspiring fraudulenty to induce people to take up shares in Blne Arrow hy making "misleading, false or deceptive" statements – a charge carrying e maximum penalty of seven years' imprisonment.

The accused were ordered to surrender their passports to the police hut they may be allowed to use them provided the purpose of trips is explained through their lawyers. Reporting restrictions were not lifted.

● After the hearing, Mr Jonathan Cohen, former chief exective of County, issued a statement denying the charges. Pointing to earlier investigations into Blue Arrow, he said: "My actions and behaviour were exonerated completely, and no ground for criticism or fault was found."

In the City, meanwhile, sbock at Thursday's arrests was mingled witb a sense that the latest developments were not altogether surprising. A compliance office at e foreign bank said: "I've heard a lot of people say 'There but for the grace of God go we,' hut I find that hard to believe."

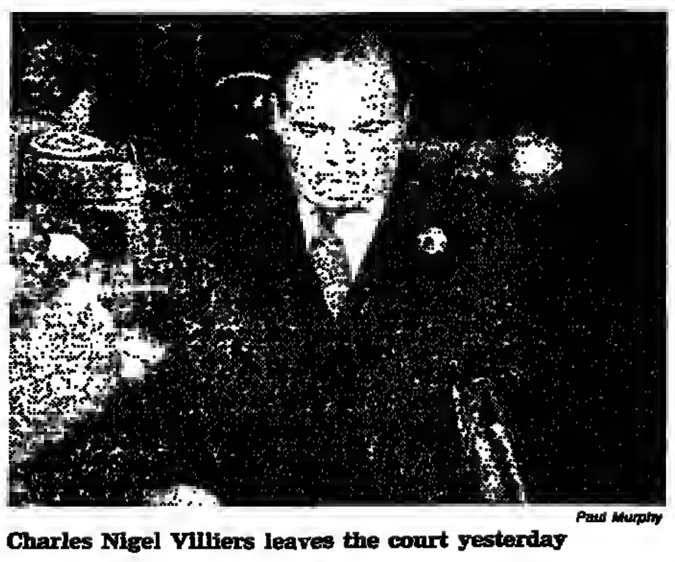
There was a widespread feeling that the Blue Arrow affair has damaged the standing of the City, both with the British public and the world at large.

"I believe that the great majority of people in the City are honest," said another compliance officer. "Of course yon always gets exceptions bnt there is a growing sub-profession of compliance officers. The climate has changed."

Several City houses voiced disquiet that the legal adviser to County NatWest had been included among those charged in the Blue Arrow Affair.

"It surprises me that they swept the solicitor up in the net. It could mean that no one will be willing to give advice in the more exposed areas or the advice will always be negative. That could ultimately mean the loss of an edge," said a compliance officer at another house.

The charges, Page 6



Paul Murphy

Charles Nigel Villiers leaves the court yesterday

THE LEX COLUMN

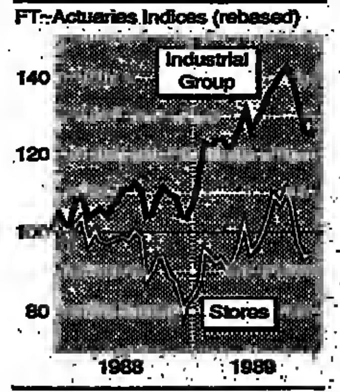
A rally without direction

The markets have been whistling in the dark in the two weeks since Mr Lawson's resignation. The FT-SE has inched steadily forward on low turnover, rising more than 130 points over the last 13 days, while sterling has retraced more than half its Lawson-inspired decline against the D-Mark. There are some solid grounds for optimism. Mr Major has yet to make a mistake and the political crisis has dissipated. So long as the foreign exchange markets accept there has been no change in policy, there will be no upward pressure on interest rates. Base rates at 15 per cent ought to start having an impact on the trade deficit, as should a recovery in oil exports, after two depressed quarters.

However, there is good reason to donbt whether the equity market recovery can be sustained. The problems of the retailing and construction sectors are gradually working their way through to the rest of the economy, which as Mr Lawson himself said faces a difficult 1990. The recent signs of involuntary stockbuilding could, as the Bank of England Bulletin points out, have serious implications for future output growth as stock positions are unwound. And while demand is slowing, companies face continued pressure for higher wages – the apparent stability in the earnings statistics being based on lower increases in the public sector. That means bad news for profits: and although there is hope of an upswing in 1991, a Conservative recovery in the opinion polls will be needed to calm equity markets about the long-term outlook.

FT Index rose 8.7 to 1,773.0

FT-Actuaries Indices (rebased)



Investment trusts

The £110m debenture issue from Foreign & Colonial Investment Trust yesterday was good news for the market and for the sector. Initially, the bulk of the issue will be used to repay £74m of short-term borrowings, hringing an immediate interest saving because of the shape of the yield curve – the gross redemption yield on the issue is 11.3 per cent, well below base rates. However, the other benefit is the extra funds which F & C can channel into the equity markets – a sign that institutional confidence remains, despite the economic gloom.

Investment trusts have been cautious about exploiting one of their real advantages over their unit trust rivals – gearing. This may be because of potential problems on the revenue account, since investment trusts are obliged to distribute 85 per cent of their revenues. A large jump in the interest charge might oblige them to cut their dividends, unless like F & C, they have a strong revenue reserve.

But gearing up makes sense, if one accepts the hypothesis that equities outperform fixed interest assets over the long term. This is a year when the sector ought to be confident – its shares have outperformed the All-Share by 8 per cent and there have been signs of a return of the small investor. F & G was prompted to increase the size of the issue because of the extent of demand yesterday; if other trusts follow its lead, it might help plng the gap in the long-term debt market.

Unilever

In a week which saw a slight crack in Sainshury's reputation for boring excellence, Unilever might perhaps step forward to take its place. Its third quarter figures show volume growth and margins still on the increase, with the UK performing in line with the rest of the world. Earnings so far this year are up by 22 per cent: the company appears to see no reason why double figure growth should not continue for the foreseeable future.

As the share price record in the late 1980s suggests, the real period of change in Unilever is over: making money by simply putting the business right has given way to a more normal phase in which growth depends on increased sales. But even there, the figures are impressive. In the US, for instance, Unilever now has 40 per cent of the margarine market: and in the past five years, its share of the US market for household products has gone from around 15 per cent to 20 per cent. With all that, operating margins in the US in the latest quartsr were 9.9 per cent, compared with 9.3 per cent in Unilever's European heartland.

There can be no doubt that the improvement in margins is partly a cyclical phenomenon. The management transformation, too, should be treated with a certain mild scepticism: the UK meat business, for instance, is still a problem after decades of struggle. But at 639p, the shares are on only 12 times earnings. For a business with Unilever's stability and apparently sustainahle growth record, that seems fair enough.

Electricity

This week's extraordinary developments on nuclear power have not made electricity privatisation any simpler, but they ought to make it more likely to happen. That is not merely because National Power can now be sold nuclear-free, or because the nuclear levy may be borne by the taxpayer rather than the consumer. A further threat under the new dispensation has always been gross overcapacity on the generating side: it is in that sense helpful that four new nuclear power stations are not to be hnilt after all.

But the threat of overcapacity remains. Since the new system involves the operators bidding for power every half hour, the cost at peak periods will be immensely higher than at other times. Assuming that cost is passed to the consumer, the rational result would be a levelling out in the consumption pattern. A system hnilt to cope with huge peaks and run 60 per cent idle during the day might thus end up part idle all the time.

The resulting competition between National Power and PowerGen would he better news for the consumer than for the investor. Mixed in with this are the imponderables on fuel costs, especially given that forcing down the price of British coal is one of the chief political motives for the whole exercise. It is also thought-provoking that electricity generation in the early years will be in the hands not of two chief suppliers but three, one of them state-owned and run on lines which can only be notionally commercial. If complexity equals risk, electricity will have to promise a correspondingly massive return.

Breakthrough hope in engineering row

By Paul Betts, Jimmy Burns and Nick Garnett

THE industrial ection campaign for rednced working hours in British engineering was on the verge of a hreakthrough last night after unions reached a draft agreement with NEI-Parsons, a subsidiary of Rolls-Royce, on a 37-hour working week.

Leaders of tbe Confederation of Shipbnilding and Engineering Unions yesterday agreed to put the deal, linked to working practices changes, to a mass meeting of 1,700 manual workers at NEI-Parsons in Newcastle-upon-Tyne today. A ballot of the workforce will be held on Monday.

The Confederation yesterday identified eight Lncas plants at which workers may be balloted on overtime bans and strike action as part of the campaign for the 35-hour week. At the moment, there are strikes at British Aerospace plants at Ghester and Preston, and Rolls-Royce in Hillington, Glasgow.

The eight Lncas plants at which workers are to be consulted are Lncas Aerospace in Hemel Hempstead; Lucas CAV plants in Acton and Medway; Lucas Diesels at Sudbury, Suffolk; Lucas Automotive in Burnley; Lucas in Wolverhampton and West Bromwich; and Lucas Bryce in Gloncester.

On Monday, the GSEU is planning to select plants from the Weir Group, GKN and Lucas for industrial action ballots among manual workers as part of the campaign to reduce the working hours of manuals from 39 hours a week and white-collar staff from 37½.

The Engineering Employers' Federation last night described the draft agreement at NEI-Parsons as a compromise. The unions appear to have drawn back from their campaign target of a 35-hour week and initialled an agreement which is aimed at offsetting costs and maintaining output.

But the agreement goes further than the EEF's offer earlier this year of a national enabling agreement for a 37½-hour week linked to local productivity improvements. The deal is expected to have widespread ramifications at other major UK engineering and aerospace companies.

Smiths Industries, the aerospace components group at Cheltenham, Gloucestershire, is still negotiating with its unions on the offer of a 37½ hour week in return for union concessions.

Indnstry officials conceded yesterday that the NEI agreement might snowball and otber companies would be forced to accept a 37-hour working week. But they added that the aerospace companies were now expected to insist on more extensive productivity concessions on the part of the unions to offset the shorter week.

Employment, Page 7

Ferranti seeks to cut Defence staff in effort to reduce costs

By James Buxton, Scottish Correspondent

FERRANTI Internationel Signal is to cut the number of staff in one of its core businesses, the Edinburgh-based Ferranti Defence Systems, with a programme of early retirement and cuts in recruitment. Some 400 staff out of a workforce of 6,700 may leave the company.

Ferranti Defence Systems yesterday warned its employees that if the measures did not reduce costs sufficiently it would embark on a programme of voluntary redundancy, followed if necessary hy compulsory redundancy.

Reports that Ferranti Defence Systems would he seeking staff cuts came in August, shortly before news hroke of the alleged frands at International Signal and Control, its US subsidiary. The ISC crisis could cost Ferranti £215m and has put in doubt its continuing independence.

Ferranti Defence Systems makes redar, navigation systems, electro-optic equipment and other products.

Mr Ron Dunn, managing director of Ferranti Defence Systems, told staff that the company had to reduce its costs. He said the prospects for growth "are not good in the short-to-medium term."

The value of the company's output had fallen in real terms in recent years and its products needed to be more competitive. "The main objective is to reduce the cost base to ensure that when business opportunities occur the company will be lean enough to price competitively," he said.

He said the company would:

● Reduce overtime significantly, end Sunday working and possibly introduce new shift patterns.

● Cut recruitment to the minimum and thus reduce staff by natural wastage. Graduate and apprentice recruitment will be maintained.

● Introdnce voluntary early retirement for staff within six years of retirement. Those taking it will receive the equivalent of redundancy in severance payment.

The company confirmed that it envisaged cutting staff by about 400 but said the numbers involved depended on how effective the cost-cutting exercise was. One of its objectives will be to reduce the proportion of administrative staff to those directly involved in production.

In August, Ferranti lost a £125m contract for a command system for the Royal Navy's Type 23 frigates. It is bidding to supply the radar for the European Fighter Aircraft project, which could provide it with work over the next 20-25 years.

Marshall resigns from CEGB

By David Fishlock and Maurice Samuelson

LORD MARSHALL is resigning as chairman of the Central Electricity Generating Board and chairman-designate of National Power, the larger of the board's two privatised successor companies, the GEGB confirmed last night.

The task for which hs was appointed in 1983 – to mastermind a new nnclear power programme – is no longer required, as the Government has shelved all but the first of its four pressurised water reactors. On Thursday the Government announced that all nuclear plants would be withdrawn from privatisation of the electricity industry.

Mr Gill Blackman, the CEGB's deputy chairman, is expected to become acting chairman, with Mr John Baker as chief executive, until the Government appoints a new chairman. Following the announcement, hackbench MPs on the Commons energy select committee are seeking to question Energy Department ministers and officials abont Britain's nnclear energy programme on Wednesday.

The cross-party committee is also seeking clarifications over a leaked Cabinet document, in which the Energy Department said electricity privatisation could lead to more large-scale cuts in the coal industry.

Within the electricity industry, the withdrawal of nuclear power from privatisation has raised confidence that the privatisation timetable can be met within the present parliament, as the Government requires. Bulk fael contracts between British Coal and the generating companies, which in turn will facilitate the finalising of the contracts between the generators and the distributors, are expected to be concluded shortly.

The initial contracts are expected to keep British Coal's deliveries close to their present level of more than 70m tonnes a year. In order to avoid commitments to long-term price reductions, the corporation is ready to settle for interim contracts lasting last only three years, instead of the 10-year deals it originally proposed.

Cancellation of the full PWR programme, and the need to develop new generating capacity, is expected to give impetus to plans for gas-fired projects. In his statement Mr John Wakeham, the Energy Secretary, made it clear that he expected gas, as an environmentally clean fuel, rather than coal to be the main beneficiary of the shelving of the programme.

Lord Marshall leaves his position of power, Page 6

A time for tears Continued from Page 1

they were kissed, talked politics and got drunk like everyone else. Less docile were a group of skinheads near the Friedrichstrasse station in East Berlin shonting "Dentscheland Deutscheland."

If yesterday was not quite the reunification of Germany it was a memorable day for a still-severed nation.

The news that the Wall was heing dismantled at Eherswalder Chaussee in the north of Berlin brought a storm of applause from Berliners gathered in West Berlin's city centre. It was the first of four new crossing points to be cut out of the Wall in the next few days with 12 more to come.

Tragedy, however, was also close to happiness on this very German day. A man from Cotthus who had taken the overnight train to East Berlin and then dashed to the West on hearing of the open border said his brother in Cotthus had committed suicide a few days before after his wife and child left for Hungary and the West.

Mr Hans-Jorg Martin, a 45-year-old East German engineer, said he wept when he arrived in West Berlin. When his mother died in West Berlin five years ago he was not allowed to attend her her funeral.

"This will have a revolutionary effect," he said. "People in the GDR are without hope and want a new, reformed society. We must get a market-oriented economy and West Germany can help us."

One of the crowd on the eastern side was Dr Clemens Thurmann, a mathematician. He had been over the wall the night before "to drink and have a party." Now he ruminated about his pride in being a Berliner and about reunification. "The intellectuals in the reform movement may not talk about reunification hat most ordinary people want it," he said.

Although it remains uncertain just how many East Germans will now move west, Dr Thurmann said he was worried that a downward economic spiral could set in.

Bulgarian leader Continued from Page 1

huro, still dominated hy the Chavdar Guard, a tight group of communists wbo fought with Mr Zhivkov in the Partisans during the Second World War, may be finally forced to promota younger people, such as Mr Andrei Lukanov, the respected Minister for Foreign Economic Relations, to join the top leadership.

The leadership – until recently tightly controlled hy Mr Zhivkov and Mr Georgi Tanev, the Minister of the interior – has been stunned by the growing strength of Eco-Glasnost, the independent environmental movement.

Last weck, the movement organised one of the higgest demonstrations since the Second World War, calling for democracy and a better environment.

The haphazard way in which economic reforms have heen introduced since 1986 almost certainly precipitated his resignation. No significant political reforms or personnel changes had been introdnced. Technocrats, including Mr Chudomir Aleksandrov, formerly in charge of economic and cadre policy, were sacked or marginalised. The only concession made to the puhlic was a modest relaxation of travel restrictions to the west.

There is also the nagging question of the fate of the ethnic Turkish minority in Bulgaria, which during the summer was encouraged to leave for Turkey. This undermined Bulgaria's foreign policy which had been slowly improving since the forced assimilation of the Turkish minority in 1984 and in 1985.

Moscow, and countries such as Poland and Hungary, must have looked askance when Mr Zhivkov promoted in August his 37-year-old son Vladimir to run the culture department of tha central committee. Known to be less than competent, he was, however, often thought to be e possible contender for the leadership.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)				**PARIS (FFrs)**			
Rises				**Rises**			
BMW	533	+	13	Agence Havas	1320	+	78.4
Oresdner Bk	336.5	+	8.5	Moulinex	137.4	+	8.8
Herlitz	258	+	10	SEB	945	+	52.8
Kaufhof	605	+	56	**Falls**			
Schering	745	+	14	La Redoute	S170	–	143.3
Falls				S.F.I.M	1520	–	57.8
Porsche	762	–	12	Synthelabo	394	–	14.5
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Desoto Inc.	47⅝	+	5	Ishii Precision	1980	+	230
IBM	98	+	⅞	Teikoku Piston	1200	+	170
Phillip Morris	40	+	⅜	Toa Paint	1570	+	200
Woolworth	60	+	2⅜	Tows Sankiden	1900	+	200
Wyse Tech.	10⅝	+	⅜	**Falls**			
Falls				Hitachi Tool	1300	–	90
Pinnacle West	8	–	1	Shochiku	3650	–	230

New York prices as at 12.30pm.

LONDON (Pence)							
Rises				Wellcome	710	+	16
BAT Inds.	788	+	15	**Falls**			
Barclays	517	+	20	Brit. Aerospace	535	–	14
Body Shop Int.	488	+	50	P & O Defd.	587	–	10
Hawker Siddeley	649	+	5	RHM	429	–	4
Lucas Inds.	577	+	3	Rolls-Royce	164	–	4
STC	261½	+	5½	Rothmans	608	–	30
Unilever	639	+	20	Vickers	213	–	4

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	10	64	Dallas		–	–	Madeira	C	19	66	Prague	S	7	45
Algiers	S	16	61	Dublin	R	9	48	Madrid	F	14	57	Reykjavik	F	3	37
Amsterdam	R	10	50	Dubrovnik	S	16	61	Majorca	C	20	68	Rhodes	F	17	63
Athens	S	20	68	Edinburgh	S	11	52	Malaga	F	21	70	Rio de Janeiro		–	–
Bahrain	S	27	81	Faro	S	20	68	Malta	S	21	70	Rome	C	10	50
Barcelona	C	16	61	Florence	S	16	61	Manchester	R	9	48	Salzburg	S	9	48
Belfast	F	8	46	Frankfurt	F	7	45	Melbourne	C	15	59	S'Francisco †	F	10	50
Belgrade	R	8	46	Geneva	S	9	48	Mexico City		–	–	Santiago		–	–
Berlin	S	5	45	Gibraltar	C	19	66	Miami †	F	22	72	Seoul	S	11	52
Biarritz	S	17	63	Glasgow	F	9	48	Milan	S	10	50	Singapore	T	30	86
Birmingham	R	10	50	Guernsey	C	13	55	Montreal †	C	5	41	Stockholm	S	6	43
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder. † Noon GMT temperatures

Weekend FT

SECTION II

Weekend November 11/November 12, 1989

The Lawson legacy

Philip Stephens considers how history will judge the former Chancellor

AS FOR my own record, I have no doubt that I have made my share of mistakes; but I am content to be judged when the passage of time has provided a greater sense of perspective than is possible today - Nigel Lawson in his resignation speech to the House of Commons.

NIGEL LAWSON would like history to be the judge of his contribution to a decade of Thatcherism. Unfortunately politics will not wait. His political career is over, but a judgment on his six years as Chancellor is too central to the record of, and indeed to the outlook for, the Thatcher Revolution to allow the luxury of an historian's perspective on the unfolding consequences of his policies. Neither political friends and opponents, nor the voters, can wait for academic verdicts on the man who last year claimed to have presided over the British version of West Germany's post-war "economic miracle".

Loyalists around Mrs Thatcher, the Prime Minister – Lawson has worked with her for 15 years in both opposition and government – are already blaming him for the economic mess which the Government must tackle to ensure a fourth general election victory.

The authorised version circulating among Conservative MPs at Westminister is that the Government is stronger not weaker because of his departure. "Good riddance," said one Tory MP this week, without a hint of embarrassment. The former Chancellor's friends meanwhile are lamenting what might have been: what if Thatcher's obsessive opposition to the European Monetary System had not eventually driven him from office?

For Lawson, an instant assessment of his legacy is hardly flattering. The man who once declared boldly – typically against the advice of Treasury officials – that the inflation rate was his judge and jury has left it at its highest for seven years. For most voters, surging interest rates have wiped out the benefits of last *year's tax cuts. As mortgage rates rose, so* the Government's standing in the opinion polls has shown a giddy fall.

The need to narrow a current account deficit amounting to £20bn a year, or 4 per cent of national income, will ensure that the economic boom of the Lawson years is unrepeatable under any Chancellor for some time.

Nor has the frequently arrogant, always self-assured, Lawson cultivated a wide circle of friends ready to allow him the benefit of the doubt when he insists that Britain's economic renaissance has paused rather than come to an end. His refusal to play "political games" – a trait which Thatcher inexplicably forgot on the day of his resignation – may be a personal strength but it does not endear him to colleagues at Westminister.

Those closest to him insist that he can be charming and intensely amusing. His nerve and courage are rarely disputed, while his devotion to, and protectiveness of, his wife, Therese, reveal a gentler side to his character. While the tabloid press speculates about the number of noughts on the salary he will demand before taking a chairman's job in the City, Lawson would actually prefer to head an Oxbridge college.

But to the world at large – supporters as well as enemies, journalists and economists – he has more often shown a proud, aggressive, personality which will suffer fools not at all. Lawson is the man who can happily describe the economic forecasts prepared by his own senior advisers as "up the pole," who can order his officials to prepare a damning dossier on an unsympathetic television journalist, or manage to be supremely rude in refusing a lunch invitation.

However, his influence during the past decade runs too deep to be measured in a handful of economic indicators, by the circumstances of his departure, or by lack of social graces. He was much more than the "tax-reforming" Chancellor who turned the corporate tax system upside down and cut the basic rate of income tax to 25p and the top rate to 40p, who abolished the investment income surcharge and the dog licence. His pivotal role in the Thatcher Government's dismantling of prices and incomes policies, exchange controls and credit rationing, in the shaping of the privatisation programme, and in the assault on the post-war Keynsian consensus on economic management requires a broader judgment.

Nor should his contribution to framing and articulating the philosophical – he would say moral – basis of Thatcherism be lost in what for most people was a rather arcane dispute about management of the exchange rate. Lawson was central in giving form to the instincts of Thatcherism – to the emphasis on individual freedom and responsibility, to the abandonment of "welfarism," to the onslaught on the trades unions. As one of the principal architects of the enterprise culture, if he is judged eventually to have failed, then *Thatcher will have failed also.*

Understanding Nigel Lawson – and why he eventually walked out of the job he had coveted for most of his adult life – requires a grasp of one central, but often bewildering, aspect of his personality. He is someone whose formidable and energetic intellect has frequently been at war with his own instincts. His career has shown a man with a sharp, restless, mind constantly seeking action and change; one who argued in 1962 as a journalist that the Treasury's abiding weakness was to do "too little, too late." Yet it has also illuminated a politician searching for the straitjacket of a financial framework to constrain the very freedom that he so enjoyed; one who in the same article described the Treasury's other great flaw as doing "too much, too late."

Lawson the cabinet minister never explicitly admitted the apparent contradiction, but it was always implicit in both his words and deeds. During a spell as Energy Secretary in 1982 he argued that one formula had delivered unprecented prosperity in the first half the present century. It was: "The development of free markets both national and international – within the framework of an over-arching financial discipline," an idea repeated almost word for word in his resignation speech on October 31.

The search for the discipline, which would take the central economic task of controlling inflation out of the hands of fickle politicians, is a constant thread in *his political life. As a junior opposition* Treasury spokesman in the late 1970s he was one of the first to proclaim an enthusiastic faith in monetary targets as the basis for the conquest of inflation.

It was then, incidentally, that he first mooted the idea of an independent Bank of England – which he was to reformulate and see rejected by Thatcher in 1988. As Financial Secretary to the Treasury from 1979 he was the author of the Medium Term Financial Strategy (MTFS), designed to put the paths of government borrowing and spending on the same "auto-pilot" as its monetary targets.

Just two years later he was suggesting privately within the Treasury that perhaps sterling should replace the money supply at the centre of anti-inflation policy by tying it to the D-mark in the EMS exchange rate mechanism.

By the time he became Chancellor in 1983, after his spell as Energy Secretary, the exchange rate was at the centre of his thinking. Two years later, in autumn 1985, saw his first determined, but ultimately futile, attempt to persuade Thatcher of the merits of the EMS.

But if there was consistency in Lawson's search for a firm framework to provide his "over-arching financial discipline" it was also clear that, as ever, he was ready to bend the rules. Just as in the 1960s he was convinced that that he could be trusted to drive his car much faster than anyone else, so too he could be flexible with his own self-imposed rules. As he said in the 1982 speech quoted earlier:

"The exercise of judgment and discretion is inescapable. The important question is: who is exercising that judgement and discretion?" Thus, the Chancellor who had wanted to tie sterling's value to the low-inflation D-mark was prepared in 1986 to completely ignore his own logic and allow the pound to fall sharply in the wake of the oil price collapse.

With typical nerve – and complete lack of shame – he was also happy when it suited him to continue to extol the virtues of money supply targets long after their value was being questioned seriously even by his own advisers. The Financial Secretary who insisted in the first MTFS that public spending needed to fall, later accepted a policy that stabilised it and then one that prescribed merely that it grew less fast than the economy as a whole.

Three faces of Lawson: He was at the intellectual and moral centre of the Thatcher revolution until he was toppled by the public row with her over the conduct of monetary policy. Enemies may say that his stewardship left the economy in a weakened state. But in the longer term his influence on the shaping of British politics in the 1980s will be seen to have been profound

'His intellect is at war with his instinct'

All the while, the man who saw better than most that winning confidence and credibility – above all in financial markets – is at the heart of economic management would blithely claim that nothing had changed. Despite the U-turns, Lawson can argue that he has succeeded in changing the nature of the debate in Britain about the conduct of macro-economic policy. The old judgment that an expansionary fiscal policy was the route to full employment is no longer conventional wisdom.

The 364 economists who put that case in a letter to *The Times*, after Sir Geoffrey Howe's deflationary Budget of 1981, were proved wrong. Few now argue that in order to achieve growth the Government must accept a budget deficit. Britain's economy has grown too fast at a time when public finances have been moving into surplus.

Labour politicians, when they berate the Government's economic policies, no longer complain of a lack of demand but instead call for more action on the supply side – for more education and training, more research and more investment.

And while Thatcher has stuck rigidly to Sir Alan Walters' faith in free-floating exchange rates, most of the Conservative party – and the Labour opposition – have been convinced of the merits of the EMS.

But Lawson believes a kind judgment in the history books will depend on his role in shaping a new "tide of ideas" comparable to, and indeed stronger than, that which had swept the Labour leader Clement Attlee into power in 1945.

If the over-arching financial discipline proved elusive, he can claim much more credit for a prominent part in achieving the "greatest practicable degree of market freedom" which was designed to go alongside it.

The dismantling of incomes, dividend, exchange and credit, controls, the cuts in direct tax rates and in investment subsidies, the privatisation programme which largely he shaped, are the supply side measures that he is proud off.

As he said in what turned out to be a valedictory address last month at the Mansion House, in the City of London, those were behind a fundamental improvement in economic performance which allowed Britain to rediscover "the spirit of enterprise".

Lawson's claim goes beyond that. The changes – providing incentives and opportunities instead of egalitarianism, market freedom instead of government intervention – had provided a moral basis for Thatcherism which would prove far more durable than Attlee's post-war consensus.

The spread of private ownership through council house sales and the widening of share holdings and personal pensions would entrench the transformation of British society as, he commented last year, "as one generation of owners creates a second generation of inheritors."

It is a bold assertion, one typical of the old Lawson rather than the mellower figure of the past two weeks. There is no doubt that some of the changes will long outlast the debate over whether his preference for wrestling with ideas, rather than obeying his own rules, was responsible for last year's inflationary spending boom.

Neil Kinnock's remodelled Labour party promises to overturn only a fraction of the trades union legislation for which Lawson was one of the strongest advocates. Only the utilities are set to be returned to public control under a Labour Government.

The top rate of income tax will rise if Kinnock wins the next election, but there is no question of a return to the punitive rates of the 1970s. No-one talks any more about exchange controls, and Kinnock is promising a starting rate of income tax below the present 25p.

Lawson cannot be confident, however, that the tide of free-market, individualist, ideas which has flowed so strongly under Thatcherism is not now beginning to ebb. Even as frontiers of the state are being rolled back further, the popular mood has started to question whether individual initiative and responsibility can deliver by themselves the sort of society most people want.

The notions of collective solutions, of more rather than less public spending, and of what Lawson would regard as a "sentimentalist" approach to the poor, are no longer taboo – even among senior Conservatives. Among the colleagues Lawson left behind in Government, Peter Walker is the only "wet" in the traditional sense of subscribing to the Keynsian post-war consensus. That in itself is a measure of Lawson's influence as Chancellor.

But the future leaders of the Conservative Party – Kenneth Baker, John Major, Christopher Patten and, outside the cabinet, Michael Heseltine – are pragmatic rather than fervent free-marketeers.

They expect to shape a rather gentler, less aggressively individualistic Conservatism, responding to the electorate's demand for a better "quality of life" as well as more cash in their pockets.

Others are questioning whether the enterprise culture alone can deliver the training, research and development and industrial expansion which Britain will need to compete in the Europe of the 1990s.

Nigel Lawson was one of the architects of Thatcherism. It may well be that political historians will be kinder to him than his present critics. But the judgment of history on Lawson *will* depend on *its* assessment of Thatcher's revolution. In spite of the gulf that now divides them, their political reputations have become inextricably linked.

The Long View

Here comes the non-galloping Major

THE MORE you look at it, the more peculiar the British economy has become. For John Major, the new Chancellor of the Exchequer, the first task must be to begin to push the economic fundamentals back into some sort of conventional equilibrium.

Next week's autumn financial statement will provide an initial indication of his style. As the new man, he will have every incentive to throw away the Lawsonian rose-tinted spectacles and start depressing public expectations with his forecasts. Like the incoming financial director of a tottering company, he must write everything in sight down to zero, then bask in the glow as the provisions are released again. The only inhibition, perhaps, is that the chairman from the previous regime is still there.

What sort of UK plc has he discovered on closer inspection of the balance sheet? The great credit boom of the past few years has pushed first the personal sector, and then the corporate sector, into substantial financial deficits – an unprecedented situation, givan that both sectors normally stay in surplus. On the other side, the public sector has found itself in a largely unplanned surplus while, at the same time, the overseas sector surplus (that is, reversing the sign, the same thing as the balance of payments deficit) has expanded to an alarming and unsustainable 4 per cent of gross domestic product.

The lending boom goes on apace although an increasing element probably reflects involuntary borrowing by companies to finance unsold stocks. Personal sector new borrowing of £24bn in the first half of 1989 was much too high, but at least it had eased a little competitiveness was being lost.

What it all boils down to is that the UK corporate sector, fuelled by credit – its net borrowing requirement has been running this year at an annualised rate of £56bn, against just £2bn in 1984 – has driven the price of its own equities largely out of the reach of professional fund managers. This can be seen still more clearly in the property market where, despite the acceleration of development activity, the institutions actually were net sellers in the second quarter of the year. Prices had become too high to be acceptable to long-term from the peak levels of the second half of last year. Corporate bank borrowing, however, which quadrupled to £31bn in the three years np to 1988 before slowing a little, appears to have begun to accelerate again: it was a record £14.3bn in the third quarter.

The essence of the Major *problem is that if these huge* flows of credit (aggregating £87bn in the past year) are cut off, demand in the economy will tumble, asset values will collapse and there will be a nasty recession. But if the lending continues to expand, we shall enter an inflationary spiral.

BARRY RILEY

A new financial director likes to clear out his predecessor's surplus baggage. But it can be difficult when the old chairman remains in power

In the capital markets, the patterns have often become perverse. Consider the position of the long-term investment institutions, notably the pension funds and the life companies. In normal times, their prime investments are the equities issued by British companies and the bonds issued by the British government. But the government actually bought back £5bn worth of its bonds from the institutions in the first six months of this year. Meanwhile, the company sector, obsessed with takeovers and leveraged buy-outs, was a net buyer of UK equities although the investment institutions managed to pick up some from the personal sector and elsewhere.

As a result, half the £14.5bn net cash inflow of the institutions during the January-June period went into foreign equities and bonds. This was at a time when there was a yawning balance of payments deficit. So, the institutions added to tha external financing requirement; or, putting it more positively, they exerted downwards pressure on sterling at a time when external investors.

If events are allowed to take their natural course, the banks will quite soon decide they have run out of credit-worthy customers and the asset bubbles will collapse. The institutions will be able to re-balance their portfolios at much more attractive (to them) prices. So will foreign investors and companies, serving to replace with long-term finance much of the hot money that is keeping Britain afloat. This will be an entirely healthy, if distinctly uncomfortable, adjustment.

But the political consequences could be difficult to handle, and still more so in the housing market where buyers and sellers continue to be a long way out of line even though prices have eased a little. In the domestic property market, not only money but votes could be lost. On the one hand, it is embarrassing economically that householders are still cashing-in on the security of high values and using mortgage money to bolster consumption. On the other, no Conservative administration could admit easily that home ownership might be too much of a good thing.

John Major could, therefore, see the easy way out as being to take the inflationary path: asset prices may be high in real terms but they could be validated by inflationary rises in personal incomes or, in the case of corporate assets, by dapreciation of sterling. Of course, the policy would not be presented in this way, but as an easing of credit to prevent a financial crisis in industry. The inflation would then be blamed on Nigel Lawson's attempt to shadow the D-mark.

But if the new Chancellor is going to be tough, it is right that people should be warned. Wa have had enough talk of blips and problems of success. Sterling bank and building society lending to the UK private sector has risen by some £200bn in the past three years to reach £500bn. John Major's task is to get a grip on credit, and he cannot do so without the risk of serious upheavals in the economy.

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MARKETS

FINANCE & THE FAMILY THIS WEEK

Merger makes history

A merger egreement between Cheltenham & Gloucester building society and Guardian building society made history in the sector this week. For the first time, members of a smaller society being absorbed by e larger one are lo get cash compensation. **David Barchard** reports. Page III

Hidden in the small print

Andrew Hill combs the prospectus on the water and eewage businesses of England and Wales for the kind of details which the casual reader may have missed. Page V

How to give gifts wisely

Passing on your essets from generation to genaration is a subject freught with rules end regulations. Changes in the lest Budget heve only added to the difficulties. **Caroline Garnham** edvises on how to evoid a potential double tax trep when shering your weelth among family or friends. Plus **Peter Gertland's** column for expetriates, this week giving deteils of a potential payout for those who have worked in Seudi Arebie. Page VI

Minding your own business

Most people go into business for themselves in order to sell a service. A very much smaller number of people have an invention they think they can market. But there le a third cetegory: those who launch small business ventures in order to sell specific skills. **Roy Hodson** talke to four people who did just that. Page VIII

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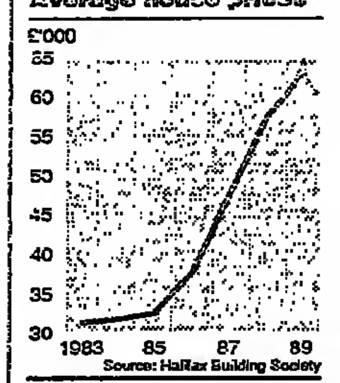
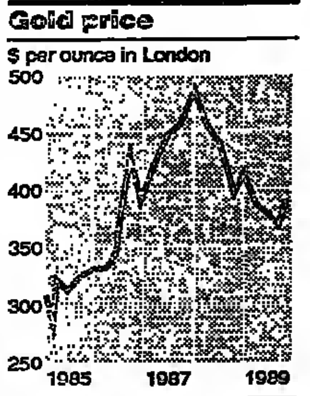
Average house prices



Source: Halifax Building Society

Gold price



House price inflation shows further fall

The annual rate of house price inflation fell from 9.5 per cent in September to 7 per cent in October, according to the Halifax Building Society. It is expected to fall to below 3 per cent by the end of the year.

Halifax said that mortgage demand had started to decline again following the latest rise in interest retes. It hed shown signs of picking up briefly in August and September. Low start schemes have helped first-time buyers, although the ennual rete of house price inflation in this sector of the market has still fallen from 14.7 per cent in September to 12.5 per cent in October. The average price paid by first-time buyers is now £51,600. Hellfax predicts that house prices will remein depressed next yeer before recovering in 1991. *Sara Webb*

Gold price at seven-month high

The gold bullion price surged to a seven-month peak in London this week raising hopes among gold "bugs" that the long-term bear market had finally ended. The rise was triggered by strong buying from the Middle East and Switzerland, encouraged by the weaker trend in the US dollar and continued fears of inflation. Some treders are now confidently forecasting that the price will climb above $400 an ounce before the end of the yeer. *John Edwards*

Chance to air pension grievances

Employees will et last be able to have their pension grievances investigated and resolved through an easily eccessible system. The Government this week ennounced its proposals for providing greater security for employees in occupational pension schemes, some 11 months after receiving recommendations on the subject from the Occupational Pensions Board.

The main proposal is the establishment of e Pensions Ombudsman and the expansion of the role of the Occupational Pensions Advisory Service (OPAS) to cover complaints about personal pensions as well as company pensions. The Government feels thet the new service should concentrate on the type of problems facing individuels rather than institutions, and that the well-tried and respected Ombudsmen system le more suited for individual complaints than is e tribunal. *Eric Short*

High-interest bond offer

A bond offering fixed rete interest equivalent to 11.7 per cent net for the standard rate taxpayer over e six month period is being launched by Lloyds Bank on Monday. It will be eveilable until December 8. Minimum investment is £5,000 and the maximum £250,000. For sums over £50,000 the interest is paid at the gross rete of 14.9 per cent. Open to Lloyds customers and non-customere, the bond will be administered through a newly-formed Personel Savings Unit set up by the bank in Newport, Gwent. *J.E*

Advice on home insurance

Getting the most suitable insurance for the contents of one's house at the most suitable price has become a complicated issue these days. The November issue of *Which* magazine provides householders with practical help through this maze. Guidance is given on how to ascertain the value of the contents, elthough there is no short cut to making an inventory and putting a velue against each item. The article provides a list of policy conditions on contents insurance policies from virtuelly all the insurers in this market, with ratings on service and claims hendling, together with guidance on best buys. *E.S*

LONDON

A week is a long time in the City, too

IT HAS NOT been a great week for the Thatcher Decade.

True, there have been no Cabinet changes for at least 10 days. No sets of unflattering economic statistics have emerged and the London stock market has not plumbed new depths. Indeed, the FT-SE 100 index ended the week 43.6 points higher at 2,216.7, just 16 points short of its closing level on the evening of October 13, the last day of trading before Wall Street tumbled.

So, no apocalypse. However, critics of the Government in search of a telling image of the decline of Thatcherism for their social histories could do worse than pick out Thursday November 9.

In the City, there was the sight of merchant bankers, stockhrokers and solicitors connected with the Blue Arrow affair heing carted away in Black Marias and charged with conspiracy to defraud. In Westminster, there was the sound of previously sacred policies being led to the slaughter as the Government announced that it was withdrawing its commitment to privatise the nuclear power industry.

As simply another indication of the new vulnerability of the Government, the embarrassing amendment to the electricity privatisation was not that important to the market, and the Blue Arrow affair is from another time as far as market-makers are concerned. But both developments have taken place under the shadow of the big R-word: recession. It reappeared in Thursday's quarterly Bulletin from the Bank of England, which warned of the economic dangers of high wage settlements.

The market, for all the gloomy portents, has looked remarkably resilient this week. As always, when deprived of clear economic or corporate indicators at home the equity salesmen began to cast around outside the UK for stories which might attract clients.

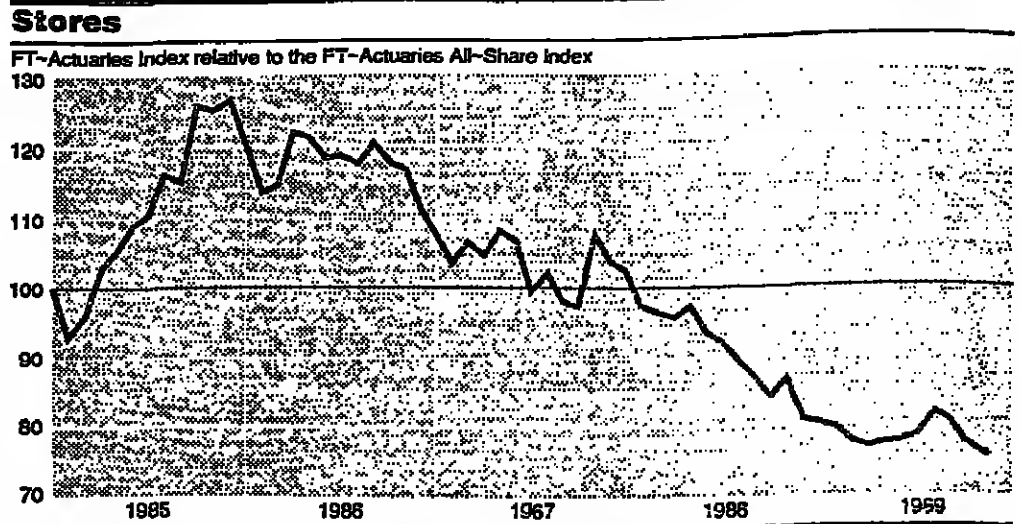
After illustrating its fragility on Monday and Tuesday, when shares were traded within a narrow hend of about 10 points, the FT-SE 100 was buoyed midweek by an apparent easing of monetary policy in the US. On Wednesday, it rose through the psychologically important 2,200 mark, ending up 25.6 points, and the same factors drove it np 15 points yesterday.

The extraordinary political developments in East Germany also provided a suitable excuse to deal, in the absence of anything closer to home. On Wednesday, building stocks benefited (mors homes for East German refugees) and yesterday defence stocks lost out (easing of the military stand-off round the border).

Equities anelysts now believe that Footsie will yo-yo within a narrow band for the rest of the year, restrained by high interest rstes, which offer good returns on cash, and supported by institutional liquidity.

Stores

FT-Actuaries Index relative to the FT-Actuaries All-Share Index



That view is unlikely to be upset by next week's Autumn statement from John Major, the new Chancellor. Most of the economic policies have been thrashed out in the House of Commons and in the media, but he could well forecast a slowdown in the economy.

Companies reporting this week were emitting a confusing mixture of signals about when that slowdown might start to take effect — currently the hurning question for nervous fund managers.

The millers and bakers of Associated British Foods managed to beat City estimates on Monday, with a 25 per cent rise in interim profits to £111.3m before tax. Two days later, J Sainsbury provided an uncharacteristic disappointment with half-year pre-tax profits up only 15 per cent to £215.1m.

On Monday, consumer borrowing figures showed the smallest rise since November 1986 as high interest rates took their toll. The effect of higher rates was already obvious to some put-upon retailers. Sir Terence Conran's BhS, Habitat and Mothercare, among others, are feeling the pinch — parent group Storehouse's profits slipped from £23.6m to £8.7m in the half-year announced on Thursday. On the same day — in sharp contrast to Conran's tarnished empire — another trend-setter, Body Shop, announced a 31 per cent increase in interim profits from £4.07m to £5.32m.

BP and Shell, meanwhile, both reported e fall in earnings in the third quarter of the year, down a third and 20 per centrespectively.

Beyond the routine results, excitement in the merchant and domestic hanking sector provided the main attraction of a surprisingly busy corporate week.

Lloyds and National Westminster hanks announced a sharp increase in their provisions against bad Third World dehts on Thursday. That removed uncertainty ahout those liabilities and pushed up their share prices, despite the fect that Lloyds will now report a loss in 1989 and NatWest a significant reduction in profit.

Earlier in the week, investors in Morgan Grenfell were teased by the group's confirmation that it was in talks with the Barcleys banking group, among others. But scarcely had the City had a chance to chew over the prospect of a tasty merger of Morgan's corporste finance arm and investment subsidiary and Barclay de Zoete Wedd's securities business than it was forced to spit it out. Within a day, the BZW/Morgan talks were off, although Morgan is still looking for a "white knight" to substitute for the unwelcome attentions of France's Banque Indosuez.

A similarly short-lived teaser was posed hy e group of DRG's institutional shareholders, who revealed on Tuesday that they might hold on to more than 25 per cent of the paper and packaging group, despite the success of the bid from Roland Franklin's Pembridge Investments. The prospect of large shereholders extracting more than the hid price from Franklin was scotched on Thursday when their opposition to the £697m hostile offer fell apart.

There were some notshle sellers. They included Philip Morris, the US tohacco and food conglomerate, which is to sell its 24.9 per cent stake in Rothmans International back to Richemont, e Swiss company which owns the non-South African interests of the Remhrendt tohacco multi-national; John Gunn, British & Commonwealth's chairman, who put the group's investment management subsidiary Gartmore up for sale; and Tony Clegg of Mountleigh, who sold his 22.5 per cent in the UK property group he built np to two erstwhile associates of Michael Milken, the US junk-bond specialist, and finally relinquished his place on the Mountleigh board.

Two bids seem to be moving to a conclusion, albeit slowly. Caparo Group is now certain to win the industrial fastener and engineering group Armstrong Equipment. Meggitt, on the other hand, despite claiming control of 78.6 per cent of USH, the defence contractor, is seeking more financial information before declaring the offer unconditional; just one symptom, perhaps, of the market uncertainty.

Andrew Hill

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1989 High	1989 Low	
FT-SE 100 Index	2216.7	+43.8	2426.0	1782.8	Stock shortage/firm sterling
Barclays	517	+39	560	404	Banks finalise debt provisions
Body Shop Intl.	488	+76	488	240	Better-than-expected interims
Coloroll	81	-20	177	79	Profits pessimism.
Cookson	275	-22	384	256	Downgradings
Ex. Co. Louisiana	251	+23	276	82	Drilling report imminent
Hawker Siddeley	649	+37	783	538	Positive rating from James Capel
Leisure Investments	37	-5½	111	32½	Downgradings/management changes
Lloyds Bank	418	+42	429	319	Banks finalise debt provisions
Morgan Grenfell	468	+63	485	257	Company seeks "white knight"
Mountleigh	165	+33	177	122	Stake and management changes
Pilkington	239	+24	273½	198	West German building hopes
RMC	651	+26	819	503	West German building hopes
Sun Alliance	306	+20	337	247½	Hopes of higher US premiums
United Newspapers	471	+20	520	372	Conrad Black raises stake

WALL STREET

Darkest hours may lie ahead

THE FEVERISH voletility of stock prices is causing anxiety not only in the retail brokerage houses and the halls of Congress bnt, more important, among some of the technical analysts who work for large institutional investors on Wall Street.

The kind of switchbacks experienced over the past week, when the Dow Jones Industrial Average has zig-zagged up and down hy an average of 25 points daily, are symptomatic of a market losing its sense of direction.

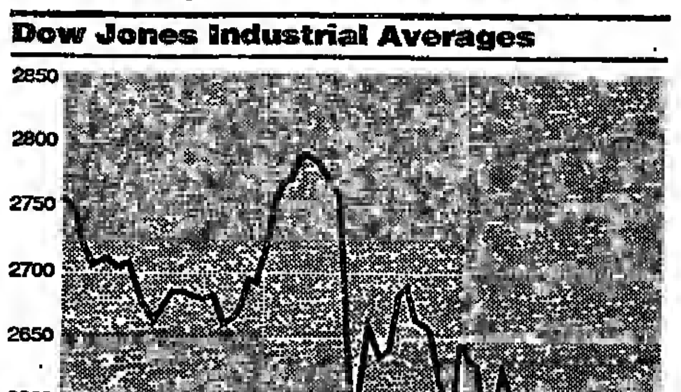
The question now is what sense of direction the market is losing. Is this the end of the long upward trend that began in 1982 and resumed two years ago after the massive break of Black Mouday? Or is the present indecisive churning merely the final stage in the ahort-term correction set off hy the mini-crash of October 13?

Many individual stocks, including most of the industrial and technology issnes, have never recovered to the peaks they hit in 1987, just before Black Monday. Today, IBM is 45 per cent below its pre-crash high and Digital Equipment is 56 per cent lower, while Ford is 21 per cent down.

And, contrary to some impressions, the weakness of the past two years has not been confined to the compnter and metal-hashing sectors. Even a hroadiy diversified industrial, service and financial giant like General Electric is today 18 per cent below the peak of $66⅜ it reached in August 1987.

After two years of disappointing performance, e sombre message is now conveyed by such stocks. It seems quite possihle that the long-term bull market which began in 1982, or arguably as far back as 1974, actually ran out of steam two years ago in the summer of 1987.

Dow Jones Industrial Averages



From this point of view, the mini-crash last month was the culmination of an exceptionally long bear-market rally, end the present struggle between the bulls and bears on Wall Street will give way — after a month or two of backing and filling — to a new downward move.

On past experience, such a renewed bear market would be unlikely to end before the lows hit in 1987 were re-tested. More fundamentally, a genuine bear market would almost certainly continne until an economic recession was well under way.

A decisive new npward move would typically begin only as inveetors began to catch a glimpse of the light at the end of the recessionary tunnel — or, more precisely, at the darkest hour just before the economic dawn.

Whet all this means to long-term investors is that the late 1980s could turn out to be one of those few periods in history when investment in equities turned out to be less profitable — say, on a five-year time horizon — than keeping funds in cash.

Snch episodes have been infreqnent in the past hut they have occurred, despite the heavy advertising from the hrokerage and mntual fund industry which has appeared to dispute this.

In fact, anybody who bought US equities near the annual market highs from 1966 until 1973 would have done just as well (or better) to keep his cash in the bank on a five- or even 10-year basis. Someone unfortunate enough to buy into the stock market late in the 1920s, of course, would have suffered much more severely. It took 25 years for the Dow Jones Industrial Average to recover even to its 1928 level, never mind its 1929 high.

Before succumbing to such bearish horrors, however, it is important to consider the other possible interpretation of the malaise on Wall Street. It is still quite possible that the confusion of sudden reversals and recoveries will establish a firm floor for prices and give way gradnally to a resumption of the bull market.

But in order to confirm a renewed hullish trend, the market will probably have to pass some crucial tests. According to most technicians, it will have to stay above the 2,500 mark on the Dow Jones Industrial Average and it will have to break through a line of declining highs which is now in the region of 2,650 on the Dow.

More fundamentally, the market will have to find new faith in the industrial and technology stocks. These have been battered so thoroughly of late that they could just be candidates for the hypothesis that the "darkest hour is just before the dawn."

If, on the other hand, the market now rallies weakly, hnoyed up hy nothing more than faddish consumer and takeover stocks, investors should hrace themselves for much darker hours still ahead.

Monday	2582.17	− 47.34
Tuesday	2597.13	+ 14.96
Wednesday	2623.36	+ 26.23
Thursday	2603.69	− 19.67

Anatole Kaletsky

JUNIOR MARKETS

In praise of Rule 535.2

THE THIRD Market may soon be dead and buried, but that does not mean that the markets for fledgling companies are a thing of the past. There is still a twilight world of companies which are traded on a semi-official basis.

The key to these markets is a stock exchange regulation by the arcane title of Rule 535.2, under which member firms are permitted to match huyers and sellers in certain shares. There is also a distinct match bargain market run hy Granville, a stock exchange member, under the title of the Independent Companies Exchange.

But any mention of the fringe markets must involve the most famous of all — the over-the-counter market. This was never a single market; rather it was a loose alliance of OTC dealers such as Harvard Securities and Prior Harwin, licensed by the Government to trade in securities.

These flourished at the start of the 1980s until, hy the middle of the decade, the OTC market covered more than 150 companies. However, unscrupulons selling techniqnes brought the market into disrepute. One of the prime motives of the Financial Services Act was to clean up the OTC market; as a result, several of the old OTC dealers heve been closed.

For shareholders, the inevitable result is that in most cases nobody is now making markets in the shares. A recent survey by the *Investors Chronicle* showed that, of 158 companies formerly traded on the OTC market, 25 per cent were in liquidation or receivership, 14 per cent had been taken over and 14 per cent had moved on to the stock exchange. The remaining 47 per cent existed — in various states of health — outside the stock exchange.

Several of the old OTC dealers are now, however, fully authorised and in good health. One such, the Granville Independent Companies Exchange, can claim to be the originator of the junior markets. It was formed in the late 1960s by a group of US investment bankers, under the name MJH Nightingale. Their idea was to create a counterpart to the Nasdaq market in the US by encouraging institutions to invest in unquoted companies.

Nightingale, which changed its name to Granville in 1981, had little in common with some of the less reputable licensed dealers. It was owned by a group of pukka institutions and pension funds and dealt almost entirely with institutions, with just 5 per cent of its business represented by private shareholders.

Furthermore, Granville never made markets in its companies: it merely matched bargains. Also, the companies it fostered tended to be rather conservative family-run concerns, in contrast to the highly speculative husinesses sponsored hy some elements of the fringe markets. As a result, the company's activities have not been inhibited as a result of the Financial Services Act.

However, it has diminished in size over the last few years. At its peak two years ago the Granville Exchange dealt in 25 companies with a comhined market capitalisation of £300m. Since then it has shrunk to about half that, with 13 companies capitelised at ahout £150m. Indicative prices of these companies are listed in e box advertisement carried every day in the *FT*.

Its traditional role has diminished, according to Robert Schiff, a director. "The USM can cater for a lot of the things thet the Independent Exchange used to cater for." Gradually its companies have graduated — mainly to the main market. "It is no progression to go from the Independent Exchange to the USM," says Schiff. "It has the same liquidity and the same kind of investors."

Not surprisingly, the Granville Exchange has changed its focus as its original role began to disappear. Now it has emhraced special situations, such as companies that have performed management huy-outs but which are not yet eligible to join the market.

Granville is the best-known of the brokers which match hargains in the shares of unqnoted companies. But there is also a sizeable list of brokers that match bargains under Rule 535.2 on an occasional basis. At present, the stock exchange permits nearly 200 companies to be dealt in this way. These include companies formed under the BES; ex-OTC companies; football clubs; private railways and water companies; and large but resolutely private companies such as Weetabix.

It seems likely that the ranks of Rule 535.2 traded companies may be swollen by the proposed abolition of the Third Market, as a few Third Market companies will not make the transition to the USM. How well will the Rule 535.2 facility fill the gap for these companies? They will receive less publicity, there may be less liquidity in the shares (although many Third Market stocks are also highly illiquid), but on balance the matched bargain facility is thought to do a reasonable job.

After the excesses of the active but shambolic OTC markets and the disappointment of the respectable but unpopular Third Market, it seems unlikely that any alternative will soon be put in place.

Vanessa Houlder

Time for a finer focus on demergers

SHAREHOLDERS IN Williams Holdings, the £1.1bn engineering conglomerate, are about to find themselves clutching two pieces of paper instead of one. The first is their Williams share certificates; the second, a letter of entitlement to Pendragon shares, Williams' upmarket motor distribution business.

It is the result of the first in a spate of demergers currently envisaged by some of Britain's larger companies, which gained the blessing of Williams shareholders yesterday. If all goes well, the demerger route will be trod again by Courtaulds — splitting out its textile and chemical interests — and, at some stage in the New Year, BAT Industries with its Argos retail and paper manufacturing businesses.

But small shareholders may find themselves wondering how such corporate restructurings benefit them. Are they actually enriched and, if so, do the rewards outweigh the inconvenience of holding two investments instead of one?

The theory behind demergers has been well-rehearsed. When a company's interests span a number of activities, runs the thinking, the worth of some may go unappreciated in the overall stock market valuation.

This can imply sloppy analysis by the market, so the rating of the company's smaller interests become overshadowed by the rating attached to the dominant line of business. But industrial and managerial considerations also tend to be cited by companies planning demergers. In the Williams case, for example, the company has suggested that independence should enhance the motor distributor's relationship with manufacturers, and that it will now have separate access to stock market funding possibilities.

On top of that comes the broader doctrine — expounded most recently by Sir James Goldsmith and his allies during the bid for BAT — which asserts that management will function more successfully if it is running a focused company and is not bogged down by head office hureaucracies.

Such theories, it should be said, are not uncontentious — particularly on the last score. Corporate fashions come and go, and it may be no coincidence that "focusing" is a much-utilised word in fee-conscious investment banking parlours at a time when the acquisitions picture is looking rather dodgy.

In the Williams case, the benefits of the Pendragon exercise to investors have not been too apparent. News of the demerger plans accompanied the company's interim results in early September, making the impact of the news difficult to disentangle from the broader picture. Nevertheless, the shares managed only a few percentage points of outperformance against the FT-All Share Index until the end of September, and have tended to underperform since then.

Looking to the level at which the new Pendragon shares might start trading on Monday, analysts seem to be suggesting something around the 80p to 90p level. That is based on consideration of the nature of Pendragon's business, estimates of 1989 profits — no forecast was made — plus underlying asset value and the chances of any bid premium entering the price.

The point is made that Pendragon's dealerships, by specialising in luxury marques, should fare better than many of their competitors in a recession-threatened environment, and the group's management seems to command respect. Gavin Launder at Kleinwort Benson, for example, suggests that Pendragon might make £4.4m pre-tax in 1989, while Laing & Cruickshank goes for £4.8m. This compares with the pro forma figure of £1.36m, after a £2m exceptional item, last year.

However, the City has also noted that Williams' remarks about the need to ensure continuity of Pendragon's franchises made a trade sale difficult. This suggests that bid premium is unlikely to develop.

And there are fears that both small shareholders and some institutions which own shares in Williams — a sizable conglomerate — may not be very interested in holding stakes in a modest motor distributor. This could produce selling pressure in the days following the demerger. The degree of this is an unknown factor, but the stability of the Pendragon price during the first month could depend heavily on the skill of its brokers in lining up replacement buyers.

The demerger is only small in the context of Williams as a whole, with shareholders receiving just under five Pendragon shares for every 100 Williams held. Analysts expect the loss of Pendragon earnings, which accounted for only 5 per cent of group trading profits in 1988, to chip around 5p to 10p off the Williams price. So if this, together with predictions for the opening price of Pendragon are correct, shareholders — at least in the short-term — will neither gain or lose significantly.

Any inconvenience is being minimised by a special dealing facility which allows holders of less than 750 shares to sell via Barclays de Zoete Wedd commission-free. Some 30,000 out of Williams' 36,000 shareholders could be eligible.

Even so, there is a slight sense of non-event. As one conglomerate analyst remarked: "It is rather difficult to see what the exercise achieves at the end of the day." While it would be unwise to draw conclusions from what is only a relatively small demerger, the message may be that financial engineering can achieve only so much. The real justification of such exercises comes when longer-term industrial rationale underlies the reshuffling.

Nikki Tait

FINANCE & THE FAMILY

John Edwards on the suspension of 11 UK funds

Investors rocked by gloom and Dumenil

BRIGADIER Kenneth Mears is a worried man since the decisioo by Dumenil unit trust group to suspend dealings in all 11 of its UK funds. He became a modest investor in the funds some two years ago, just before the 1987 stock market crash, and has been nursing losses ever since. Now he, and no doubt the other 12,000 investors locked in to the Dumenil unit trusts for an unspecified period, is apprehensive that even worse might follow.

He first became became worried earlier this year when the dividend payment on Dumenil's Income Strategy fund was delayed. It was eveotually paid, but in August he received a letter from Christopher Fawcett (the managing director who has subsequently left the company) enclosing a dividend warrant for the Dumenil UK Growth fund of 1p a unit – representing only a portion of the final dividend due.

The letter said that the managers' report had not received a final audit sign-off and that this prevented payment of the full amount available. It was envisaged that the prohlem would be solved before the end of the month.

However, by October, nothing had happened. Telephone calls produced only evasive answers and a letter sent by the Brigadier on October 19 seeking clarification received no reply.

Then, out of the blue, Dumenil this week announced that it was taking tha unprecedented step of suspending dealings in all its UK funds. The announcement said that "recent investigations have indicated that there may have been pricing errors in the cancellation, hid and offer prices for units." It added that Touche Ross, as reporting accountants, were investigating the situation.

The company was unable to provide any further clarification of what had gone wrong except to say that it was nothing to do with the external valuation of the shares held by the funds (provided by the WM Company), but rather was "an internal inquiry."

Nigel Herrick, sales and marketing director at Dumenil, said the group had spotted that some prices were inaccurate and was confident that Touche Ross would sooo clear the matter np. He admitted that there had been some problems "on the cash side" and that there had been difficulties following the decision to dispense with outside contractors and bring the administration in-house.

"I know there were administrative problems because of the muddle they got into with anotber fund, in whicb my wife has an investment," said the Brigadier. "But to suspend all the funds, *and delay* dividend paymeots on UK trusts, means that there is something very wrong. There must be a reason. They should come clean."

His worry seems well founded. No other unit trust gronp is known to have suspended dealings in all its funds, with the possible exception of the temporary suspension of trading by some groups in the immediate aftermath of the October 1987 stock markets crash.

Under the Securities and Investments Board (SIB) unit trust pricing regulations (section 28), dealings may be suspended at the instigatioo of the managers, with the prior approval of the trustees, it is deemed to be in the interests of the unitholders.

Alternatively the trustees can request the managers to suspend dealings. The suspension is enpposed to be lifted after a month, but can be extended.

In both cases the SIB and the self-regulatory organisations concerned have to be notified of the reaenns for the suspension.

The two trustees involved, Coutts & Co and the Midland Bank, confirmed that they had acceded to the request hy Dumenil to suspend dealings, made at a meeting whicb included representatives from the regulatory organisstions. They stressed that the assets of the trusts had been, and continued to be, under the cootrol of the trustees.

In fact, according to Dumenil, investment management of the funds is continuing in the normal way in spite of the suspension.

John Morgan, chief executive of the Investment Managers Regulatory Organisation (IMRO), dieclosed that hie organisation had investigated Dumenil earlier this year and that this had led to the inquiries that sparked off the suspension.

He would not say whether this was a routine or a special investigatioo. But it is no secret that Dumenil received some unfavourable press publicity earlier thie year that might have been expected to alert the regulators and the trustees that something might be amiss.

Specifically, a prominent article in the June 22 issue of *Financial Adviser*, the FT weekly paper for intermediaries, highlighted several prohleme facing Dumenil. It included claims that its European funde were "managerless" and that the group had been shaken by the departure of several senior executives and poor investmeot performance. There were also reports claiming that the gronp's Spanish fund had delayed dividend paymeots.

The UK arm of Dumenil, which manages the 11 authorised unit trusts, is a subsidiary of Dumenil Leble, the Paris-based financial services group which is owned hy Cerus, the Frencb holding company of Carlo De Beneditti, the Italian financier. *It entered the UK* unit trust market back in 1966 and at its peak had £80m under managemeot after taking over tbe EBC Amro range of unit trusts at the end of 1987.

The funds taken over from EBC Amro, the snbsidiary of a Dutch-based gronp, were incorporated wltb tbe Dumeoil range. They cater primarily for the specialist fringe of the market, offering funds investing in single countries, mainly in Europe, or in epecialist geographic areas such as the Mediterranean. There are single country funds for Belgium, France, Germany, Italy and Switzerland, as well as two UK and one international fund.

Tbe total value of funds nnder management has slumped to £33m and there have been persistent rumours that the company is up for sale.

Specialist, single-country trusts have generally fallen out of favour with investors since the 1987 crash. They are viewed as heing very risky, not only because of the volatility of some of the local markets with low trading volume, hut also *because of settlement* prohlems.

With this background, Brigadier Mears and his fellow investors may be wondering why the trustees didn't keep a closer eye on what was going on, since under the SIB regulations they are required to take "reasonahle care" to ensure that the methods used for pricing are carried out correctly.

They might also wooder how, under the elahorate regulatory system set up the Financial Services Act, they find themselves in the uncomfortable position of being trapped, for an unknown period, in funds where nobody seems to know quite what is going on.

DUMENIL UNIT TRUST PERFORMANCE

Percentage growth, income reinvested Fund	1 year	3 year
Belgian growth	+42.88	
Dutch growth	+21.98	+ 7.61
French growth	+20.27	-12.98
German growth	+21.72	
International	+ 3.95	-33.44
Italian growth	+17.82	
Mediterranean	+25.42	
Spanish growth	+ 1.28	
Swiss growth	- 1.52	
UK growth	- 4.20	
UTM income strategy -	-3.34	

Source: Finstat

David Barchard assesses a good deal for savers

Merger makes history

A MERGER agreement between Cheltenham & Gloucester, the UK's eighth largest building society, and Guardian, the 19th largest, made history in the sector this week. For the first time, members of a smaller society being absorbed by a larger one are to get cash compensation.

The compensation is highly attractive. The 80,000 saving members of Guardian will get 5 per cent of their balances. This means that the average Guardian saver, who has an account of £13,000, will receive a bonus of £520 free of basic rate tax.

But the merger has important implications for all investors in smaller building societies.

Until now, building society mergers have always gone through without any suggestion of compensation for members of the smaller society, even though they are the legal owners of its reserves – the profits accumulated over the years. The issue of 100 free shares to Ahbey National members at its flotation last July seems to have changed that.

Ahhey National's share bandout was to compensate memhers for handing over *ownership to the new plc*. At the time, a number of industry specialists asked pointed questions about why there was never any compensation for members of small sociaties when they disappear, usually totally, in mergers which are really takeovers hy a larger society.

Andrew Longhurst, C&G's managing director, did not use the word "compensation" to describe the handout to Guardian members. He said it was a move to "harmonise" their entitlement to the reserves of C&G with their previous eotitlement to the reserves of Guardian. As a result, Longhurst said, members of Bedford (a much smaller society than the Guardian with which C&G announced merger plans in August) are to get 5 per cent of their balances, because Bedford's reserves are proportionately even higher.

Andrew Longhurst, C&G managing director

By the usual standards of hig husiness, this is an extraordinary situation. In stock market takeovers, shareholders are paid hy the company launching the takeover hid to hand over ownership. In a huilding *society takeover*, members are paid out of the funds of their own society hy the hidder, sharing out the reservcs between them.

The Building Societies Commission, the industry watchdog, is understood to have examined and approved the C&G's merger proposals, so there would appear to he no legal obstacles.

However, there is a limit to the amount of reserves which can be shared out in this way. Reserves consist of money which the society is holding unused as liquid capital for contingencies. The husiness must have reserves of more than 4 per cent, so societies with reserves much greater than the required level may be *likely targets of takeover bids* in future.

Many societies are sitting on large amounts of unused capital. Both Guardian and Bedford had reserve ratios of abovc 8 per cent: National Counties has a reserve ratio of more than 20 per cent. In theory at least, societies with high reserves could now face pressure from groups of rebel members wanting to haod over membershin to a larger society and share out the kitty. There could even be contested merger hids.

There are some striogs attached to the Guardian deal. Borrowing members – those with mortgages – are not entitled to cash. They will get only a 0.5 percentage point cut from their mortgage rate for a year, worth around £250 on average. Savers must keep their funds in Guardian until the merger has gone through next April in order to obtain the cash handout.

These cash handouts, incidentally, are not quite the same as those that may take place at huilding society flotations. These will again he limited to saving members only *and to qualify* – under rules recently announced hy the BSC – they must have heen a memher of the society for at least two years.

This is not good news for the 40,000 people who have been investing £100 in National & Provincial, the main society tlpped to float soon. Now it looks more likely that future compensation will depend on the size of a saver's deposits. Worse still for those 40,000 expectant people, N&P, which was expected to announce its float early in the New Year, has now postponed its plans indefinitely. Perhaps it would have made more sense to keep the money with a smaller society.

Sara Webb looks at a troubled group's future

Gartmore up for grabs

GARTMORE, the unit trust and pension fund management group, was offered for sale this week and its owner, British & Commonwealth Holdings, is hoping to get at least £130m. Obviously, though, the 120,000 investors who hold units in Gartmore's funds are wondering how this will affect them.

Would a new owner be likely to overhaul tbe management and force an improvement in the performance of those funds? And what should the unit-holder do?

Unit-holders have oo power to influeoce any decision regarding the oew owner, other than by voting with their feet. But pulling out of Gartmore's unit trusts could prove costly, oot only in terms of the bid-offer spread but also because investors could have to pay capital gains tax at 40 per cent.

Alan Torevell, managing director of independeot financial adviser Torevell, Mahon Granville, says he would not recommend his clients to buy Gartmore funds now. He feels that investors who own Gartmore units already should keep a close watch oo the *funds'* record in the next few months and pull out if there are signs of underperformance.

According to Torevell, it is not a good sign when a group is pot up for sale and there is uncertainty about its ownership. He adds that funds "quite often euffer when they are taken over because there may be a different emphasis and the funds doo't get the sort of care they need."

Given the recent link-ups between fund management groups and European financial service houses (for example, GT Management paired with Bank in Liechtenstein, Thornton Management with Dresdner Bank of West Germany, and Prolific with Hafnia Holding, Denmark's second-largest financial services group), it looks quite likely that Gartmore's new owner will be a foreigner seeking a way into the UK market.

But, as another independent financial adviser pointed out, it is in Gartmore's interest for people to believe it will have a foreign/European owner which does not already have a strong preseoce in the UK market. Such an owner would be unlikely to interfere with the existing management. Thus, staff and fund managers would be less likely to look for new jobs elsewhere.

Gartmore's Paul Myners

Paul Myners, Gartmore's chairman and chief executive, says: "The aim is to keep the *investment team intact*, ensure independence, and hope that the new purchaser adds strength. As long as the prospective purchaser has the support of the majority, the management team stays in place."

An established UK financial services group might feel inclined to shake-up the fund managers or trim staff in areas of overlap – which could tempt staff to jump ship while they can. However, some unitholders might well hope for such a ehake-up, given the group's mediocre unit truet performance.

Gartmore admits that 1988 was a particularly poor year. "We had a wobbly in 1988 and we need to improve our performance record," says Myners. But he argues that a lot has been done already to improve performance, with several senior appointments. "We have de-emphasised a few people and recruited some others – a case of infilling."

In September, Gartmore hired Tony Thomson (formerly of Shearson Lehman and Morgan Guaranty) as head of international equity management, supervising all of the overseas funds. He replaced Peter Scott, Gartmore's investment strategist, who has now left the company.

Simon Nicholson, a Far East specialist, was recruited from the Royal Bank of Canada (before that, he was at John Govett) and now runs the Far Eastern (excluding the Japanese) funds. Roger Ward joined from Legal & General to beef-np the UK equity side, specialising in smaller companies, while Duncan Trinder joined earlier this year from Bankers Trust. He specialises in UK larger capitalised stocks.

Gartmore also integrated its UK unit trust team with the UK pension fund management side in the first quarter of 1989. The group suffered from oet redemptions earlier this year; but since the summer it has showed oet sales and is oow seeing a strong flow of savings into its money market fund, where the return is 15 per cent gross.

Aa evideoce that it has improved its fund performance *in recent months, Myners says* that taking all of Gartmore's funds into account and using Micropal figures (offer to offer, income reinvested), 25 per cent of Gartmore's UK authorised funds in 1988 were above the sector median fund and 75 per cent were below.

This improved to 36 per cent above the median and 64 per cent below for the 12 months to the beginning of July; and 55 per cent above the median (45 per cent below) for the 12 months to tbe beginning of November.

Myners regards this as evidence of an improvement in performance althnugh he admits it is "still not satisfactory."

Life bond offer

PROVIDENT LIFE Association, pioneer of low-charge products for fee-based advisers, is now offering a life bond with no initial charge.

Hallmark Capital Investment Bond is only available from independent advisers, such as solicitors and accountants, who are renumerated by fees rather than commission.

As there is no initial charge on the bond, there is no bid/offer spread on the units and the annual fund management charge is 0.75 per cent. Thus 100 per cent of the investment is allocated to units. However, the investor needs to take into account the fee charged by the adviser and compare it with the initial charge on a normal bond (3 to 5 per cent). There is a high minimum investment of £15,000 and a choice of seven funds – equity, fixed interest, property, index-linked gilts, deposit, international and The Unit Fund.

Provident Life has a good track record on its Unit fund, which has risen in value over the past 10 years by 377.2 per cent, as against the mixed fund sector average of 250.4 per cent, according to Micropal.

Eric Short

FINANCE & THE FAMILY

THE WEEK AHEAD

BT heads a busy week

NEXT WEEK sees the biggest flurry of results since September, with five former stats industries among the leading names reporting. British Telecom is expected to report flat second quarter pre-tax profits of about £635m on Thursday.

The reason, says Stephen Owen of James Capel, is that the McCaw stake acquisition became effective at the beginning of the quarter, adding to BT's interest charges. Staff costs went up at the beginning of July but price increases only came through on September 1. But Owen stresses the defensive qualities of BT, pointing out that call volumes will continue to grow even if the economy goes into recession.

Although British Airways, due to report on Wednesday, has had a frustrating time in terms of increasing its capacity, its prowess at squeezing more profit out of each seat should push the pre-tax figure to about £250m (£222m) for the six months to September 30.

Delays in delivery of the Boeing 747 400s have limited transatlantic growth, hut the switching of aircraft from the lower margin summer charter trade to this route should have helped yields. Every word or glance exchanged hetween Lord King and Sir Colin Marshall will no doubt be closely scrutinised.

Interim results from British Gas on Thursday will look fairly puny - they could even go into the red - next to the size of the company. British Gas's costs run more or less constant through the year, hut its sales are all concentrated in the winter months, so interim figures do not mean much by themselves. The shares have been regarded with suspicion in some quarters because of the company's repeated bashes with the regulator and the prospect of looming competition. However, some analysts recommend them for yield.

Predicting financial results at British Steel is proving to be a tricky job, partly because of uncertainties over exceptional items. Estimates for the half year, due on Thursday, differ by up to £100m. However, the majority are in the area of £350m to £370m pre-tax after exceptionals of about £50m.

Some analysts expect a healthy jump in the dividend by as much as 20 per cent. The main medium-term worry is weakening of some prices and a virtual halt to growth in the steel market which could result in a poorer second half.

Amersham International, the healthcare and medical products group which was the first privatised company, remains under the weather and the interim pre-tax profit could be down by as much as 30 per cent to £7.5m. A Japanese ban on its products was still being felt in ths first half, hut at least that is over. Continuing worries centre on the slow introduction of the automated version of its Amerlite diagnostic machine.

Sales figures and prospects for Retrovir, the AIDS drug made by Wellcome, will dominate when it announces on Thursday results for year to August 31. The share price received a considerable boost when US trials indicated that Retrovir (also known as AZT) helps to slow the onset of the disease with people who test HIV-positive hnt who are not yet sick. That has led to analysts steeply increasing their projections of the numbers of people who will start taking ths drug over the next few years.

Drug industry ohservers believe Retrovir sales are now running at about £170m a year, up from £90m in 1987-88. Some predict that revenues from the product could climh still more steeply to as much as £500m a year by the early 1990s.

Analysts think that Retrovir – together with good growth from Zovirax, another large-selling medicine which is used for treating herpes – will make a strong impact on Wellcome's pre-tax profit for 1988-89. This is likely to hs £280m to £300m, a healthy climb from the £221m for the previous 12 months.

Losses from Hurricane Hugo are expected to hit the nine-month results from Commercial Union, General Accident and Royal Insurance, but analysts see euphoris over the future of US insurance premiums as exaggerated. Insured damage caused by the San Francisco earthquake was only $960m and this year's catastrophes has taken only $5hn out of the US insurance industry's capital of $125bn, probably not enough in itself to end the depression in primary insurance rates.

Royal has benefited most from expectations of hetter rates in the US and pre-tax profits should be up, reflecting the £112.4m strengthening of special claims reserves last year. The other two composites heavily involved in the US – CU and GA – both report their nine-month figures on Wednesday. GA is particularly exposed to losses from Hugo and also has to cope with NZI Bank losses. CU is less vulnerahle in the US and its European non-life operations have done well.

Final figures from Burton Group, the fashion retailer and owner of Debenhams department stores, for the year to August 31, are expected on Thursday to show a small increase in pre-tax profits, from £210.1 to £220m, excluding "other income." The second half has proved tougher than the first, and without the benefit of the 53rd week in the previous financial year, a near 5 per cent profit increase will not be seen as too bad, given the sharp profit falls some rivals have suffered. However, analysts are concerned hy Burton's heavy exposure to fashion retailing.

BOC Group, the industrial gases and healthcare company, is expected to report full-year profits of £330m on Monday, an increase of 9 per cent. Interest will centre on whether there are any signs of rednced demand for gases. On the healthcare side, analysts will want to know whether the Glasrock subsidiary has finally moved into the black.

Thorn EMI, which reports interim results on Thursday, is expected to announce an increase in pre-tax profits of 10 to 15 per cent. Roh Collins of Kleinwort Benson, which is predicting £104m, says that most of the easy ways of improviog profitahility through recovery programmes and rationalisation have already been adopted. James Capel, which expects profits of £110m, thinks trading conditions held up quite well in the first half hut will deteriorate in the second half.

Smiths Industries, the aerospace, medical systems and industrial products gronp, ought to enjoy a respite from anxiety abont the engineers' dispute in the UK in presenting an expected pre-tax profit of between £107m and £110m (£97m) for the year to July 31. This should be achieved despite higher research costs and start-up expenses on the medical side. Through its substantial interest in the US, it will have been helped by currency factors, while strong cash generation means it has little to fear from high interest rates.

Poultry disease and the summer scare about botulism in yoghurt will have adversely effected the interim results of Unigate, the food and distribution group. Analysts are forecasting interim profits of between £43m and £45.5m for the half year to September 30, compared with £43.8m last year. The group faced a number of problems with the recovery in broiler chickens muted by gumboro disease, a virulent virus infection. Yoghurt suffered from a price war and volumes were affected by a consumer scare over botulism contamination at plant owned hy a small independent producer.

Maxwell Communication Corporation, ths publishing group, is expected to report interim pre-tax profits of about £68m on Monday. The results fall in the middle of an extensive disposal programme and only include a few weeks' contribution from Macmillan and Official Airline Guides – finally brought into the main group in August and September – which will make it difficult to assess the MCC's real performance. Analysts are expecting few surprises – but anything is possihls where Robert Maxwell is concerned.

On Tuesday London International Group, the rubber and consumer products company, should announce profits of more than £17.5m for the half-year to Septemher 30, compared with £14.3m in the equivalent period. The figures are expected to illustrats a continuing recovery from last year's problems in the US, which were caused hy snbstandard raw materials and destocking of the group's condoms. The results will also provide the first clues about the effect of management changes in the UK and North America over the last year.

Davy Corporation, the engineering and constrnction group, is likely to report a healthy order book on Wednesday, although the City will he keen to hear about margins, which have been under pressure in the sector. Davy tends to be very conservative in its reporting, taking the bulk of profits in the second half, so these interim figures will be very much a progress report. Analysts suggest pre-tax profits of about £11m and predict a full-year figure of £36m on turnover which will exceed £1bn for the first time.

The City is bracing itself for a dspressing set of results wheo Coloroll, the home products groop, publishes interim figures on Thursday. Analysts expect a sharp fall in pre-tax profits from £20.5m to just over £10m. Coloroll has been hit hard by the impact of higher interest rates on the housing market and on overall consumer spending.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
BOC Group	Monday	5.85	-	6.3◆
Burton Group	Thursday	2.4	5.0	2.8
Concentric	Wednesday	2.34	5.46	2.81
Five Oaks Investments	Tuesday	-	1.25♥	0.6
Invicta Sound	Monday	-	-	-
Jessups	Wednesday	2.0	4.25	2.25
Metro Radio	Tuesday	-	-	-
Midsummer Leisure	Tuesday	0.8	2.0	1.2
Scottish Cities Invest. Tst.	Monday	7.0	20.0	7.0
Smiths Industries	Wednesday	2.25	5.25	3.25
South Green Holdings	Friday	-	-	-
Stanhope Properties	Monday	-	0.1	-
Tomkinsons	Tuesday	3.0	7.5	3.5
Wellcome	Thursday	1.0	2.6	1.3
INTERIM DIVIDENDS				
AAH Holdings	Wednesday	4.0	7.95	-
Allied Irish Banks	Wednesday	2.875	3.5	-
Ambrose Investment Trust	Tuesday	4.68	8.73	-
Amersham International	Tuesday	3.5	7.5	-
Arlen	Monday	1.1	2.2	-
Arlington Securities	Wednesday	1.8	4.2	-
Baltica Holdings	Tuesday‡●‡	-	8.0	-
Bank of Ireland	Thursday	4.0	8.5©	-
Blacks Leisure Group	Tuesday	0.05	0.1	-
British Airways	Wednesday	2.5	5.25	-
British Gas	Thursday	2.75	8.25	-
British Steel	Thursday	-	5.0	-
British Telecommunications	Thursday	4.25	6.25	-
Cater Allen Holdings	Friday	5.37	18.13	-
Coloroll Group	Thursday	3.04	4.56	-
Commercial Union Assurance Co.	Wednesday‡	7.25	11.75	-
Cullen's Holdings	Monday	-	-	-
Davy Corporation	Wednesday	2.5	8.0	-
Dunhill Holdings	Wednesday	1.25	2.5	-
Electrocomponents	Wednesday	1.47	3.6	-
Ericsson (Telefonakt. LM)	Thursdy‡1‡	-	10.5	-
Erostin Group	Monday	2.0	4.0	-
General Accident	Wednesday‡	15.5	28.5	-
Goldberg A S Sons	Friday	1.45	1.55	-
Great Portland Estates	Tuesday	2.5	5.0	-
Heath CE	Thursday	7.5	15.375	-
Honda Motor Company	Monday§§	6.0	7.0	-
Just Rubber	Tuesday	0.8	1.65	-
Land Securities	Wednesday	4.1	10.3	-
Locker Thomas Holdings	Thursday	0.375	1.05	-
London International Group	Tuesday	2.35	4.8	-
Marshalls	Tuesday	2.25	6.5	-
Maxwell Communication Corp.	Monday	6.0	8.0	-
Meyer International	Tuesday	4.0	11.0	-
Owen & Robinson	Monday	0.5	1.0	-
Personal Assets Trust	Friday	-	1.0	-
Regalian Properties	Wednesday	1.5	2.5	-
Royal Insurance Holdings	Thursday‡	9.5	13.0	-
Shaw Arthur & Co.	Friday	1.1	2.7	-
Shires Investment	Thursday	3.35	5.45	-
600 Group	Thursday	2.48	3.74	-
Sketchley	Thursday	6.6	14.4	-
Stratton Investment Trust	Monday	-	0.43	-
TDS Circuits	Wednesday	-	-	-
Thames Television	Tuesday	4.75	10.25	-
Thorn EMI	Thursday	7.5	19.5	-
Ultramar	Wednesday‡	2.5	5.0	-
Unigate	Tuesday	5.3	8.6	-
Waddington John	Friday	3.4	3.9	-
Wagon Industrial Holdings	Wednesday	5.25	8.75	-
Witan Investment Company	Thursday	1.3	1.825	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.♥ Spec. Interim.‡ 3rd quarter figures.● Figures in Danish kroner.1 Swedish Krona.‡ Per share gross.© Combined total of 3.5p second interim dividend in respect of the year ended 31/3/89 & additional dividend of 5.0p in respect of the year 31/3/86 out of the undistributed profits of that year.◆ 2nd interim dividend.§§ Japanese yen.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Assoc.Brit.Inds.	June	2,100	(1,800)	51.3	(49.5)	9.25	(7.75)
Bellway	July	17,020	(14,060)	41.2	(35.1)	11.0	(10.0)
Bibby J & Sons	Sept	28,640	(30,180)	18.6	(18.4)	8.5	(8.5)
Clydesdale Bank	Sept●	58,700	(39,700)	-	(-)	-	(-)
Daks Simpson	July	5,300	(6,200)	51.4	(61.8)	10.9	(10.9)
Drayton Consd.	Sept	5,200†	(4,510†)	15.0	(13.0)	15.0	(13.2)
Gleeson MJ Group	June	11,630	(10,030)	74.7	(70.6)	9.36	(8.14)
GR Holdings	June	7,260	(1,590)	34.0	(9.6)	32.15	(2.0)
Hatfield Estates	Aug	2,640	(2,190)	23.3	(20.2)	4.25	(3.0)
London & Strath.	Aug	1,240‡	(876‡)	6.2	(4.35)	4.8	(3.7)
Merlin Int'l.	June	1,000	(8,100)	-	(18.7)	2.0	(4.0)
Riva Group	June	1,480	(1,210)	8.4	(7.5)	3.0	(-)
Tottenham Hotsp.	May	951	(1,930)	8.8	(18.1)	5.0	(6.0)
Williamson Tea	June	3,160	(3,120)	55.5	(48.1)	25.0	(20.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Anglo Group	Sept	4,700	(3,870)	1.65	(1.5)
Appleby Westward	Sept	1,030	(798)	2.5	(2.0)
Assoc.British Foods	June	111,300	(89,300)	3.3	(2.8)
Bimec Industries	Sept	904	(59 L)	0.33	(-)
Body Shop Int'L	Aug	5,320	(4,070)	0.83	(0.45)
British Petroleum ‡‡	Sep‡‡	284,000	(402,000)	3.6§§	(-)
British Syphon Inds.	June	1,110	(2,990)	-	(2.02)
Cabra Estates	June	4,430	(5,550)	1.25	(1.0)
Celtic Gold	June©	76 L	(59 L)	-	(-)
Elan Corporation	n/a♥©	1,330	(258 L)	-	(-)
Fleming Far Eastern	Sept	1,240†	(1,220†)	0.2	(0.2)
GEI International	Sept	2,950	(2,520)	2.35	(2.14)
German Smaller Co.	Sept◆	403	(400)	-	(-)
Gieves Group	July	949	(847)	1.5	(1.2)
Glamar Group	Sept	677	(10)	0.75	(2.0)
Grand Central Invest	June	645	(431)	0.35	(0.35)
Hadleigh Industries	Sept	660	(499)	2.0	(-)
Henderson Admin.	Sept	10,700	(4,280)	10.0	(7.0)
Hughes HT	Aug	1,400	(1,069)	1.32	(1.1)
JS Pathology	Sept	2,040	(1,900)	1.8	(1.8)
McInerney Properties	June©	1,860	(1,840)	1.5	(1.5)
Oceana Development	Sept	220	(251)	-	(-)
Oxford Instruments	Sept	9,366††	(4,776)	1.2	(1.0)
Parkland Textile	Sept	1,480	(1,370)	2.2	(2.0)
Platon International	Sept	165	(134 L)	-	(-)
Portsmouth & Sunder.	Sept	3,020	(3,290)	2.26	(1.51)
Renold	Sept	4,000	(2,300)	1.2	(0.8)
Rothschild J Hldgs.	Sept	58,500	(43,500)	5.0	(4.0)
Royal Dutch/Shell ‡‡	Sep‡‡	667,000	(837,000)	-	(-)
Safeland	Sept	1,980	(1,030)	1.8	(0.67)
Sainsbury J	Sept	215,100	(186,400)	1.75	(1.5)
Sanders & Sidney	Sept	366	(364)	2.3	(2.3)
Ship Mortgage Fin.	Sept	648	(626)	-	(-)
Staveley Industries	Sept	8,900	(8,100)	2.1	(1.9)
Storehouse	Sept	8,700	(23,600)	2.5	2.5
Tie Rack	Aug	272 L	(374)	0.46	(0.46)
Transrap Holdings	Sept	439	(433)	1.0	(1.0)
URS International	June‡	730 L	(892 L)	-	(-)
Warner Howard	Aug	2,310	(2,060)	1.56	(1.3)
Yale & Valor	Sept	25,900	(21,580)	8.9	(3.45)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.† Net revenue.‡ Revenue before tax.‡ US dollars & cents.© Irish punts & pence.♥ Net profits/deficit.◆Total revenue.● Last years figures for a 9 month period.†† Profit includes asset disposal of £5.35m.‡‡ Net profits on a current cost basis.‡‡ Third quarter figures.§§ Quarterly dividend.

RIGHTS ISSUES

Alva Investment Trust is to raise £12.66m via a five-for-two rights issue at 300p.
AmBrit International is to raise £4m via a 12-for-11 rights issue at 12p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Harry Ramsden is to join the Third Market via a £4m offer for subscription.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
Prices in pence unless otherwise indicated					
Armstrong Eq.	185*	183	176	98.45	Caparo Inds.
Caradon‡	550§§	533	488	337.70	MB Group
Coates Bros.	470*	478	477	301.55	Orkem
DRG	590*	587	595	687.00	Pembridge Invs.
Highland Picpats.	200*	187	155	72.60	Cornwall Tst.
ITL Info. Tech.	45	44	25	19.97	Apricot Comp.
Jaguar	850*	826	747	1.6bn	Ford
Neill (James)‡	280*	278	202	77.76	Markotter
Pearl Group	605*§	637	552	1.1bn	AMP
Ross Catherall	253*	244	161	95.58	Vickers
Toothill (R.W.)	675*	685	460	4.72	Adamas Inds.
Transrap	67	63	53	8.05	Sidlaw
Utd. Scientific	118	118	147	65.88	Meggitt

*All cash offer.††Cash alternative. ‡Partial bid. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 10/11/89.‡At suspension. §§Shares and cash.

FINANCE & THE FAMILY

Andrew Hill filters through the prospectus on the water and sewage companies

Divining among the small print

ANY POTENTIAL investor in the water companies wanting to spend a few weeks in the picturesque north east of England will be pleased to learn that Northnmbrian Water owns 17 log cabins at its Kielder Water reservoir, available for rent all year round.

Industry analysts have spent the last week sifting the 608-page pathfinder prospectus on the 10 water and sewage businesses of England and Wales for investment hints. They may have missed the log cabins – one of Northumbrian's "other trading activities". – but they will not have missed much else.

Come impact day on November 22 – when the price and, more importantly, the yield of the 10 companies are disclosed – everyone will have access to the colour-coded final prospectus, which should be available from High Street banks or post offices shortly afterwards.

If you have already registered with the share information office – the final deadline is next Wednesday – you will automatically receive the slimline mini-prospectus, as well as being eligible for a range of incentives.

WATER PRIVATISATION

The mini-prospectus will be 30 or 40 pages long – shorter than the individual company sections in the main document – with three or four pages of "key information" on each business.

The full prospectus contains something for everyons to chew on. The investment community's sceptics pick on the parlous state of British sewers, disclosed in the document (the companies suggest some 20 per cent are in danger of collapse). Critics also draw attention to the danger of cost overruns, pointing out that most companies have examined only a sample of their sewerage system as a basis for estimating future capital spending.

For example, North West, one of the only companies to quantify its sample, has earmarked more than a quarter of its known capital expenditure of £4.3bn over the next 10 years for improvement to its sewerage network. That estimate was based on a sample of less than 20 per cent of its drainage areas carried out more than two years ago.

Political observers have detected in the prospectus traces of resentment in some companies (Wessex and Thames, notably) about the level of pricing limits for the next 10 years – set by the Government this summer after long and, at times, acrimonious negotiations with the companies.

Thames says its forecast profit for 1989-90, of at least £170m, will be less than the comparable figure for 1988-89 because of a smaller contribution from land sales "and the fact that the average increase in Thames Water's charges . . . was limited by the Government to a level below that required to cover the increases in its costs . . ."

Speculators will search in vain for any suggestion that surplus assets could be sold, realising windfall profits for shareholders. Under the Water Act, property and land profits have to be split 50-50 with the consumer, who would benefit through lower water charges.

The prospectus confirms that all the water companies have surplus land – amounting to as much as 7,000 (mainly agricultural) acres in North West's region. But it also reinforces analysts' predictions that the value of such land will be "immaterial" or "insignificant." As for benefits to he won from redeveloping surplus properties (at Yorkshire, Wessex, South West, Severn Trent, North West and Northumbrian), they have to be taken into account by the economic regulator when setting future price limits.

Tha ragulators – the National Rivers Authority and, in particular, the director general of water services, Ian Byatt – emerge as the central characters in the slightly turgid drama of the water prospectus, whether they are "imposing rigorous new disciplines" (Northumbrian), or "exerting upward pressure on costs" (North West).

In spite of these concerns, most of the companies say they "take comfort" in the position of the director general. As advocates of water privatisation do not tire of telling the potential investor, he has a duty to ensure the core water businesses are adequately financed so that they can carry out their functions.

Deadline for registration with the Water Share Information Office is November 15. Telephone: 0272-272-272.

WATER PROSPECTUS:
FIGURES STILL TO BE DISCLOSED
- Offer price, and size of second and third instalments
- Number of shares to be issued in each company
- Forecasts of earnings and final dividend per share
- Privatisation expenses incurred by each company
- Percentage of shares reserved for employee share schemes
- Size of underwriting commission

PLUS EXACT FIGURES ON:
- Percentage to be sold
- Percentage underwritten
- Percentage to be offered overseas
- Clawback arrangements
- Percentage of shares saved to "top up" registered customers' allocations

All figures will be contained in final prospectus to be published on November 22

John Edwards on a new trust

Loophole in PEP rules

TOUCHE REMNANT has put together an unusual package to take advantage of the loophole in the Personal Equity Plan (PEP) regulations that allows the maximum of £4,800 to be invested in a new issue of an investment trust.

The initial issue of Touche's High Income Investment Trust, launched this week, consists of a package of five ordinary shares, plus a special subscription share that has its own dividend entitlement.

At the issue price of 100p each the five ordinary shares will offer a dividend yield of nearly 8 per cent. But in addition the subscription share will have an annual fixed dividend of 1.5p, equivalent to a gross yield of 10 per cent on the issue price of 20p. Put together this means the investor will receive a total initial yield of 8.07 per cent gross on the 520p package.

The subscription share is very similar to a warrant in that it offers holders the right to subscribe for an extra ordinary share at 100p anytime between 1991 and 1996. The unusual feature is the addition of a small dividend which Touche considered to be appropriate for an income fund.

At least 75 per cent of the portfolio will be invested in UK equities, with the balance in UK convertibles and fixed interest stocks. So it will rank as a qualifying investment for PEPs.

The offer, which seeks to raise £15m (although £11.5m has already been placed) will close on November 24 and the allocation date will, therefore, be on November 29 or 30. Under PEP rules investors have 30 days from the allocation date to take in new issues at the original issue price.

The trust will have an initial life of seven years, giving shareholders a chance to wind it up if the performance is unsatisfactory in 1997 and five-year intervals thereafter.

There is a modest annual management charge of 0.5 per cent of the trust's value, plus the normal share dealing costs.

Henderson has also launched its first Investment Trust PEP, but it is a good deal more expensive. Under its scheme, which takes advantage of the 1989 PEP regulations, up to £7,800 can be invested before the end of the year. The bulk of the money will go into the Lowland Investment Trust, and the rest will go into a selection of five UK company shares. There is an initial charge of 5 per cent, plus an annual management fee of 1.5 per cent. However dealing charges are only 0.25 per cent.

Henderson has also introduced what it describes as a European PEP. This invests in two of the group's European unit trusts, plus a selection of UK companies, which derive a significant percentage of their earnings from within the EC.

This seems at odds with the PEP regulations confining the bulk of investment to UK shares. But the group is exploiting the Treasury concession allowing up to £2,400 to be invested in overseas unit or investment trusts until April next year, when the amount will be reduced to £750. It will adjust the portfolio accordingly as April approaches to comply with the regulations.

Meanwhile, investors interested in the water privatisation issue may be wise not to commit themselves to a PEP scheme at this stage.

As mentioned under the PEP regulations you can transfer new share issues into a PEP at the issue price, sheltering any gains made from tax. There are likely to be a number of special deals on offer during the next few weeks. For example, LA. Pritchard Stockbrokers, of Bournemouth, has already announced it is making no initial charge for investors wishing to hold water shares only in its PEP and the annual charge is just 0.7 per cent.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	5.00	5.10.	4.08	monthly	1	-	0-7
High interest cheque	7.00	7.20	5.76	monthly	1	500-4,999	0
High interest cheque	9.00	9.40	7.52	monthly	1	5,000-9,999	0
High interest cheque	9.20	9.60	7.68	monthly	1	10,000-49,999	0
High interest cheque	9.50	9.90	7.92	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.60	6.61	5.29	half-yearly	1	1-250,000	0
High interest access	8.50	9.50	6.80	yearly	1	500	0
High interest access	9.00	9.00	7.20	yearly	1	2,000	0
High interest access	9.50	9.50	7.60	yearly	1	5,000	0
High interest access	9.75	9.75	7.80	yearly	1	10,000	0
90-day	9.75	9.99	7.99	half yearly	1	500-9,999	90
90-day	10.25	10.51	8.40	half yearly	1	10,000-24,999	90
90-day	10.75	11.04	8.83	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.75	8.06	6.45	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.08	7.28	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue♦	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.76	11.31	9.05	monthly	1	2,500	0
Provincial Bank	11.05	11.59	9.27	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	12.21	10.11	8.84	half yearly	4	-	0
8pc Treasury 1992	11.75	9.64	8.38	half yearly	4	-	0
10.25pc Exchequer 1995	10.92	8.32	6.76	half yearly	4	-	0
3pc Treasury 1990	11.79	11.00	10.53	half yearly	4	-	0
3pc Treasury 1992	9.82	8.99	8.49	half yearly	4	-	0
Index-linked 2pc1992§§	9.02	8.51	8.20	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; Immediate access for balances over £6,000. ♦ Special facility for extra £10,000 §Source: Phillips and Drew. §§Assumes 5.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

EXPATRIATES

Hoping for a Riyadh refund

THOUSANDS OF former expatriates who worked in Saudi Arabia during the 1970s and 80s are experiencing mixed fortunes in their efforts to reclaim payments they made into the kingdom's social security system.

Expatriates who worked in Saudi Arabia from February 1973 onwards used to pay 5 per cent of their salary into The General Organisation of Social Insurance, which provided pension benefits and cover for industrial injuries. Payments were made through employers, who were also required to make contributions.

However, in March 1987 Saudi Royal Decree M/43 put an end to the requirement for non-Saudis to contribute to GOSI for pension benefits, effectively excluding them from the benefits.

During the last couple of years non-Saudis who paid into GOSI have been applying for refunds – with varying degrees of success.

Colin Parsons, a maintenance engineer now living in Wales, left Saudi on a one-way ticket in June 1987 after having worked in the kingdom for 17 years. He takes up the story. "Before I left, I obtained a copy of the computer print-out (in Arabic) of my contribution record from the local GOSI office, which tallied with the record from my pay slips."

In September 1987 he wrote to the GOSI branch office in Dammam and, about 10 weeks later, received a reply bearing a claim reference number to be used in future correspondence.

Nothing happened for more than a year until, in November 1988, Parsons wrote to the main GOSI office in Riyadh enclosing photocopies of his passport and GOSI card. Then, quite suddenly, in March of this year, he received his full refund from GOSI which was sent by registered mail. It amounted to $34,000 (£21,500).

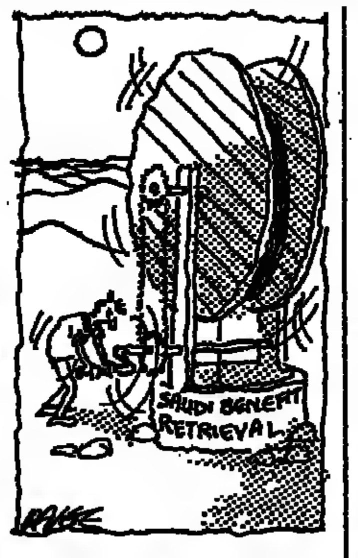
Parsons is well satisfied with his treatment. As he puts it: "All correspondence was in plain English. There were no tricks or dodges and, after the initial delay while the procedure was set up, my claim was settled promptly and courteously."

But not everyone has found the system trouble-free. Mark Roberts from London worked in Saudi for more than two years in the early 80s. At the start of 1989, shortly after he heard that GOSI refunds were on offer, he sent copies of his documents to the GOSI head office in Riyadh. Ten months later he is still awaiting an acknowledgement, even though he sent a reminder three months ago. He is anticipating a refund of something between "a few hundred pounds and a couple of thousand."

Meanwhile a *Weekend FT* reader in Cardiff has calculated that his GOSI refund in respect of seven years' contributions should amount to a sizeable five-figure sum. Like Roberts, the Cardiff reader has been waiting the best part of a year for a reply from the GOSI head office in Riyadh.

He is now thinking of using the services of one of several UK-based agencies which offer to try to reclaim money on behalf of expatriates in return for up to 10 per cent of the takings. Some Saudi practising lawyers will also act as go-betweens for GOSI refunds.

Colin Parsons concedes that some claimants might consider it a bargain to pay several hundred pounds to a third party for the privilege of getting back their own money. However, his advice is - try it yourself first. "All it costs is time



and a 42p postage stamp." He adds: "If all else fails then contact the intermediaries. They'll still be waiting to share the proceeds."

The process of actually getting money back does seem frustratingly slow but, according to the Saudi Arabian embassy in London, delays are the result of GOSI in Riyadh being swamped by applications.

An embassy spokesman explains there could be as many as 2m refund applications in the pipeline from former expatriates who have now returned home either to the UK or to countries such as the US, India, the Philippines and Thailand.

Comfortingly, there is no suggestion that the Saudis have reneged on their promise of refunds. The embassy stresses that there has been no change of policy.

Embassy advice is that expatriates who may be entitled to a refund should write to the Director General, Overseas Benefit Department, General Organisation of Social Insurance, PO Box 2963, Riyadh 11462, Kingdom of Saudi Arabia.

Applicants should provide their name and permanent address as part of a letter of application for a refund and enclose a photocopy of the pages of their passport showing personal details plus their Saudi entry and final exit visas. Applications written in English are acceptable. There is no need to provide an Arabic translation.

As explained, claimants can expect a long wait before their refunds are processed. It could take a year or more even to have the claim acknowledged.

■ *Peter Gartland is Editor of The International, the FT's magazine for expatriates.*

Caroline Garnham's tips on sharing wealth wisely

How to give to you and yours

GIVING HAS become an expensive habit once again. Until this year's Budget, giving was encouraged and wealth could be passed from generation to generation without paying any tax – provided it was done early enough.

For nine years it has been possible to make substantial gifts without paying capital gains tax. However, CGT relief on gifts was removed in this year's Budget: now gifts are treated in the same way as sales at market value, and even though money has not changed hands you will still be liable to pay tax.

The elderly, who had already been discouraged under the new inheritance tax rules, are now even less likely to pass on their wealth. At the moment, if you make a gift and die within seven years, inheritance tax is payable on your death while CGT is liable on the gain when you make the gift.

So what can be done to mitigate this potential double tax charge? Here are a few tips:

■ Do your tax planning when you have cash available, rather than assets, so that no CGT is payable on the gift. It is better to give cash gifts, which are not liable to CGT, and let the recipient invest it and make the capital gain rather than for you to invest the money and make the (potentially taxable) gain yourself;

■ Don't give away, before your death, your assets which have increased most in value. Instead bequeath them in your will, since there is no CGT payable on your estate on death. Your property on death acquires a new tax-free "date of death" value which wipes out all the gains to that date.

■ If you are non-UK resident (or about to become one) do your tax planning then since CGT is not payable by non-UK residents.

In some cases it may be possible to devise ways of saving both CGT and inheritance tax by using trusts. The difficulty is often getting the property into the trust without paying tax of one sort or another. This will depend on other reliefs and on the circumstances in each case, and property already in trust will also be affected by the new rules on CGT as it comes out of trust.

Depending on the type of trust, it may be possible to save substantial amounts of tax. But how does one go about this? First have your trust analysed to find out the following:

■ What type of trust is it? Is it accumulation and maintenance, interest in possession, or discretionary? Different trusts pay tax at different rates. Interest in possession trusts pay CGT at 25 per cent, while discretionary trusts and accumulation and maintenance settlements pay CGT at 35 per cent, and individuals can pay tax of up to 40 per cent.

■ Is the trust a hybrid? Will one type of trust follow another: for example, if income is accumulated until your children are 18 and then paid to them until they are 25 (which is a very common form of trust) you could have an accumulation and maintenance trust followed by an interest in possession trust.

■ Do the trustees have the power to change the trust from one type to another?

■ What are the trust assets? Are there unquoted shares, or shares in a family company and if so, what percentage of the company does the trust own?

The next thing to do is see if any of the special reliefs are available. There is a relief for payments out of an accumulation and maintenance settlement. The beneficiary can take the trust fund at the trust acquisition cost rather than the market value, thereby deferring the CGT.

There is another relief available for gifts of unquoted shares, 25 per cent holdings in a family company and business assets. The relief is similar to that available for transfers out of an accumulation and maintenance settlement in so far as the trust gain is held over and not taxed until a later date.

Finally, the different rates and reliefs have to be carefully mixed to produce the most tax-effective, practical result. For example, CGT can be deferred by making a payment to a beneficiary from an accumulation and maintenance trust. But would this be tax efficient? If the beneficiary is a 40 per cent tax payer, the trustees will have exchanged a 35 per cent rate for a 40 per cent rate.

Alternatively, there may be power in the trust to change it from an Accumulation and Maintenance trust into an Interest in Possession trust. Then, even though you will lose the relief when a payment is made to the beneficiary you will have moved from a 35 per cent trust to a 25 per cent trust.

Ideally, the taxpayer would prefer to pay no tax at all. This can sometimes be achieved by "emigrating" the trust and making payments to a non-resident beneficiary.

Giving is certainly more expensive than it used to be, but the decision now is not whether to pay, but to whom and how much – do you prefer to pay tax to the Inland Revenue or fees to your tax adviser?

Caroline Garnham is a tax partner with London solicitors, Taylor Joynson Garrett.

EXAMPLE

Mr Jenkins has a second house worth £360,000, which was worth £100,000. If Jenkins gives the house to his son, and then dies within six months of making the gift, the tax on the property could in certain circumstances be as much as £230,000 (nearly 64 per cent) as a result of paying both capital gains tax and inheritance tax.

The capital gains tax liability, incurred when the gift was made, would be £86,000. This is calculated by deducting from the current value of £360,000, the value in 1982 of £100,000 plus the indexation relief to allow for inflation of £45,000. Add these two together, making £145,000, and the amount liable for capital gains tax would be £215,000. At the highest rate (40 per cent) capital gains tax liable would be £86,000.

Inheritance tax, payable on death, assuming that exemption of £118,000 had already been used up, would be £144,000.(40 per cent of £360,000).

Adding CGT of £86,000 to inheritance tax would produce a liability of £230,000.

Tax on share transfer

Two years ago, my father gifted me 15,000 BTR shares. Since that time, I have opted to take shares instead of dividends and my portfolio now consists of 15,887 shares and 472 warrants. I am proposing to transfer this holding to my wife – who has no earned income and investment income of less than £200 per annum – before the end of this tax year. On the basis of present legislation, could you advise:

1. That there will be no CGT payable on the transfer.

2. That if my father (now 82) survives until September 1994, the gift of 15,000 BTR shares will not form part of his estate for purposes of calculating inheritance tax.

3. That my wife will be able to claim payment of the tax credits associated with any BTR dividends paid after April 1990 (assuming her total investment income does not exceed her personal allowance);

4. That CGT will be payable only when my wife disposes of the shares; and that the CGT calculation will be based on my father's original acquisition cost (relating to the original gift) and the notional issue price of the shares issued in lieu of dividend since September 1987.

■ 1. Yes

2. Yes

3. Yes (provided, of course, that the dividends are not credited to a joint account or an account upon which you have power to draw, and that it can be established clearly that you will not derive any indirect benefit from the dividends or from the proceeds of ultimate sale etc).

4. Yes, to the first part of the question. We cannot answer the second part of the question without knowing the full history of your father's shareholding (assuming that you mean that you and he made a joint claim for gift-holdover relief, under section 70 of the Finance Act 1980).

If your father acquired the shares before April 6 1982 (and a gift-holdover relief claim was, in fact, made), relief might be due under schedule 9 to the Finance Act 1988 (if a claim is made within the two-year time limit).

No case for stamp duty

I am in the process of buying my mother's house, valued at £56,000. I am receiving a building society mortgage of £30,000 and this is the only money I will be paying to my mother. Therefore, the transaction incorporates a gift element of £26,000 from my mother to myself. My legal advice is:

a) Purchasing a house for £30,000 does not attract stamp duty.

b) A gift of £26,000 does not attract stamp duty.

c) Purchasing a house valued at £56,000 for £30,000 may attract stamp duty of £560, but no precedent to confirm this can be cited.

■ As stamp duty is payable on consideration, not value, we think that you can certify at £30,000 and pay no stamp duty.

Must I liquidate?

I am the holder of all the share capital, save for one share, of a private closed company. For many years, until 1983, its business was in property investment holdings. Since the sale of its properties in 1983, its balance sheet consisted merely of cash at bank and no liabilities.

There is accordingly no further point in keeping the company active and I would like to liquidate it and distribute the cash assets in the usual way. I am, however, informed that I am obliged to employ the services of a liquidator for this purpose and that he must be an individual who is a designated insolvency practitioner. I am reluctant to do this as quite significant fees will be involved. Cannot a "non-designated" qualified chartered accountant be the liquidator or is it absolutely mandatory to engage a specialist as the matter is completely straightforward and uncomplicated?

■ You might find it simpler to effect payment out of the money held by the company by way of dividend and then to let the Company be struck off the register as a defunct company pursuant to Section 652 of the Companies Act 1985. You cannot be sure of achieving this if the Registrar of Companies seeks to require you to make returns under the sanctions available to him, but in the case of a company such as you describe failure to make returns should lead to striking off.

Tax: where is the logic?

On his death some 30 years ago, my father left the family house to his three children equally, but my sister was to have a life tenancy, rent free. She was enabled to change houses, any cash balance to be invested, the interest to go to her.

Probate was granted and death duties duly paid.

I am now advised that on my sister's death, there is no liability for capital gains tax but inheritance tax will be payable.

This I find difficult to accept.

My father cannot die twice. My sister was not left the property with any proviso that she was to leave two thirds to my brother and me on her death.

I can accept the logic of CGT, but any logic in inheritance tax escapes me.

The current situation is that my sister lives in a property worth some £85,000 and there is a cash balance of some £70,000. (Probate value of the family house in 1959 was some £10,000).

■ As your sister will have held an interest in possession the value of the house will be included in her estate by deeming her to have owned it immediately prior to her death.

Inheritance tax will be calculated as on her estate, not your father's. We cannot vouch for any logic in taxation provisions. However you and your sister might wish to give some thought to her releasing her life interest so as to make a potentially exempt transfer.

Special tax provision

I am a widower, aged 86, and just over a year ago I transferred by way of gift my house (value about £100,000) to my two unmarried daughters who are living with me and now attending to my wants, and also contributing towards the costs of running the house.

I understand there is a special provision in a case like this exempting the transfer from inheritance tax?

■ As the first £118,000 of your estate is not chargeable to inheritance tax the gift to your daughters will not give rise to any inheritance tax. Moreover, if you survive the gift by seven years it will not even count towards the first £118,000 (or the then equivalent) which is rated at nil charge.

Running a family trust

I am the life tenant of a family trust which brings in about £700 after tax. In the original will I was appointed trustee, together with the solicitor. My children are the remaindermen.

Some years ago, when our solicitor retired, the position of second trustee was filled by a partner of his and the legal costs of effecting this transfer were substantial. Now the partner is retiring, so my queries are:

1. Does he have to be replaced?

2. Could my accountant fill the position?

3. Could one of my children, say my son now 30, take on the position? (and we would run it with the help of our accountant).

■ It will be necessary to replace the trustee, but you can have either your accountant or your son appointed, if that is more convenient.

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Query on share plans

My inquiry is in respect of capital gains tax on share option savings schemes. I have two schemes which will expire shortly, one is over five years, the other over seven years. Under both the monthly payments are £50. In addition to the amounts subscribed, there are a number of months interest bonus. If I sell my shares:

1. Is CGT payable?

2. If so, are the bonus months interest excluded from any taxation?

3. How is index-linking applied over the savings period?

■ A free pamphlet on SAYE share option schemes is obtainable from your tax inspector's office: ask for IR38. You may also like to ask for pamphlet CGT13 (1989) – the indexation allowance for quoted shares. The answers to your questions are:

1. Yes.

2. Yes.

3. There is none, unfortunately, except on the cost of the original option (which was presumably very small). Indexation starts from the month in which the option is exercised, on the exercise price.

Wrecking the view

I live in a village and my new neighbour, a teacher, has a hobby of renovating old cars. He stores these – they can only be described as "wrecks" – on a piece of his own unscreened land adjoining a small river opposite my house, in full view of my lounge window and in full view of the whole village.

Approaches to him to move them have been to no avail. Is there anything I can do either legally or through the local council to remedy this eyesore or must I just put up with it?

■ While there is nothing that you can do in law to require the "wrecks" to be removed or screened, you might be able to enlist the support of the local authority's Environmental Health Department. This may require a diplomatic approach, since there is probably no basis on which you could require the local authority to intervene.

Do make a French will

When my wife and I recently bought a holiday home in France, the notary advised us that special French wills were unnecessary. He maintained that as long as we were domiciled in England, the French property would be disposed-of on our deaths in accordance with English law. This is contrary to the advice given by other experts, including one who wrote recently to Briefcase. They suggest that a French will is at least a wise precaution.

■ We do advise the making of French wills. The laws relating to immovable property are governed by the laws of the country where that property is situated.

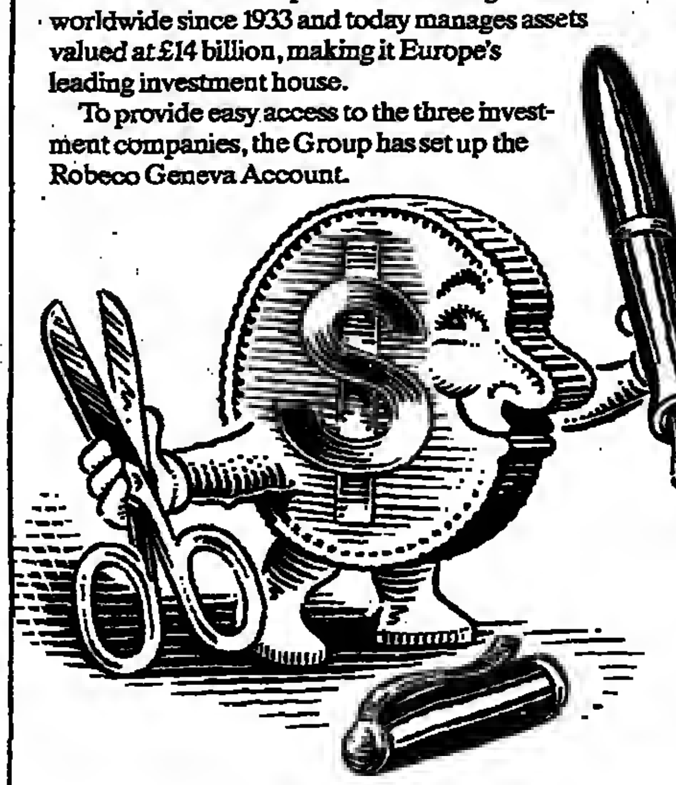
When a gift is best

My wife and I jointly own our house as tenants in common in equity. Its value is about £160,000. We have each made a will leaving our respective interests in the house in trust for the joint benefit of our two children. In the event of the death of either of us, the survivor is given the right to reside in the house, subject to the cost of all outgoings. The whole property would pass to the children on the death of the survivor.

The wills were made two years ago by a solicitor with the object of excluding a half-share of the house from the estate of the survivor for purposes of inheritance tax. However, my attention has been drawn to some circumstances in which there is a possibility of the Inland Revenue claiming that the continued occupation of house by the survivor constitutes a beneficial interest in the whole property.

Does the possibility exist in this case? If so, would the entire value of the house would revert to the estate of the survivor? I am over 80 and my wife is approaching 70.

■ The possibility to which you refer does indeed exist, and you should consider re-casting your wills so as to make an outright gift to the children of less than the testator's half share in the house, leaving part of that share to the surviving spouse. In that way, the surviving spouse can claim to live in the house as the owner of the majority share in it, not under the terms of the gift to the children.



MINDING YOUR OWN BUSINESS

THE FIRST THING most people consider when they think about starting a business is selling a service. The number of inventors who have a bright idea for a new tin-opener or other piece of assorted hardware, and have the determination to carry through the idea to the manufacturing stage, is actually very small.

In contrast, there seems an infinite number of people confident they can provide a better and more competitive service than others if they can get started in a pub, a shop, a small hotel, or one of the countless other outlets for service that exist nowadays.

But there is a THIRD category of people. They are the ones who go into small business ventures to sell specific skills. Their approach is nearer to selling a product than a service.

None of the four people whose new careers are described here this week started their professional lives with an ambition to go into business for themselves. Ewa Zarkowska and John Clements were working in the public sector as clinical psychologists for the National Health Service and London University. Peter Dart and Mark Sherrington were following a route to the top of the corporate tree as career managers in a multinational concern.

It would be hard to think of four people less likely to turn up on this page talking about starting their own small businesses. Yet, all have given up safe jobs to do just that. They explain their motives to ROY HODSON.

The high-flyers who turned their back on corporate compromise

IT WAS WHILE drinking beer in a Hamburg bar ooe night that Peter Dart, 36, and Mark Sherrington, 33, decided to jettison the corporate life and set up a two-man marketing business of their own. "We were young men feeling old that night as Unilever marketing directors," admits Dart. "All the fun side of the consumer business which we had known, selling and marketing round the world, was beginning to leave us for the corporate life."

Sherrington puts their frustrations more vividly. "In a large corporation, it can be like trying to score a goal – but first having to get the ball past 10 of your own players." Dart adds: "We decided then and there that life is oot a rebearsal and we should go ont and work for ourselves."

Leaving a well-paid staff job is not easy. But they reinforced each other enough to go through with their plan, even though their resignations were accepted with reluctance by Unilever which had made a considerable investment in them as management material.

A year later, they are working from the upper floors of a converted house in Teddingtoo, south-west London, as the joint owners of The Added Value Company. Their stock-in-trade is straight marketing. They have tackled 61 separate projects so far for a fast-growing client list and the cash flow is looking good.

Sherrington read economics and sociology at Bristol University. Dart read physics at Oxford and was also a musician. "With two such widely differing career choices facing me," he says, "a wise career adviser asked me: 'Have you thought of marketing'?"

Both men followed the same path, entering Unilever through the company management scheme designed for high-flyers. It was, they recall, rather like going back to university, with spells in marketing management mixed with courses at the London Busioess School.

Sherrington followed Dart as brand manager for Persil. For four years after that, both travelled the world in various jobs designed to give them hands-on management experieoce aod widely varying responsibilities. When they met in Hamburg for that significant beer, Dart was Lever's marketing director in West Germany and Sherrington was doing a co-ordinating job in the head office at Blackfriars, London.

Their decision to quit came because they felt they had reached a stage where they were being required to compromise and "fit in." Instead, "what we wanted to do was change the corporate culture to fit our view of the world."

Clearly, their new business had to be in marketing; they had, after all, been trained in one of the world's leading marketing schools. Their first shot was to bid for a cosmetics wholesaling and retailing business. They offered £60,000 and were promptly out-bid by another buyer who offered £100,000. That impressed upon them the first rule in business: the value of anything is what someone is prepared to pay for it.

Then, they thought seriously about forming a marketing consultancy based on their 25 years' combined service with Unilever. Again, though, the idea did not seem quite right. So they settled for starting a company to sell marketing.

They decided to fund it themselves as far as possible by using their own resources, even at some personal sacrifice, rather than borrowing heavily. At that point, Sherrington and his family moved into a smaller house to release some liquid capital for the business. He and Dart thought they would need about £500,000 to get The Added Value Company going. In the event, they have needed only about £50,000 in capital, plus money ploughed back from income during the first 12 months – although they admit they were overly-cautious at the beginning. Someone had told them, cynically: "You Unilever people don't have to worry about cash flow."

Trevor Humphries

Mark Sherrington (left) and Peter Dart . . . "We were young men feeling old that night as Unilever marketing directors"

Their financial structure now is based upon revenue but has some under-pinning from five friends and relatives, all business experts in various fields, who have contributed small sums (£20,000 in all) and who will become minority shareholders when the present partnership becomes a company in the next year.

With such clients as a big British china manufacturer, Zanussi, Quaker Oats, one of the big eight chartered accountants and their old employer, Unilever, they will have turned-over £600,000 in fee income in their first year – treble their first forecasts. They are budgeting for a turnover of £1.4m next year and they are increasing their staff to 10 by the end of December.

An early investment was made in an Apple computer system (including desk-top publishing) and that has paid off handsomely. All their publications and reports are now identified easily, with a distinctive style prodnced by the in-house equipment.

Most of their work so far has been in marketing goods but they are now being asked to market services as well. One such request has come from their chartered accountant client, which is looking for a new marketing position in a professional world that is changing fast with the growth of consultancies and international accountancy mergers.

Marketing work is divided into two main areas: developing new brands from an original concept and resuscitating dying brands – or, in other words, being "brand doctors." Indeed, the concept of remedial help for ailing brands is becoming so fashionable that the City is waking up to the notion that some have an intrinsic value of their own.

Rather to their own surprise, Dart and Sherrington found the business into profit by its second quarter. In the third, they have shown a profit before tax of £90,000. But profits are expected to fall as they expand and have to invest in new people and equipment.

Meanwhile, the two founders are living simply. They are drawing just £2,000 a month each, plus a car apiece. All the professional staff members of The Added Value Company are enjoying bigger salaries than their bosses just now.

■ *The Added Value Company, Churcham House, 1 Bridgeman Road, Teddington, Middlesex TW11 9AJ (tel. 01-943-3957).*

Ewa Zarkowska and John Clements . . . important issues that have to be faced

Trevor Humphries

Applying psychology

PSYCHOLOGY sounds as if it would be a particularly difficult skill to sell in the commercial world. Until, that is, you relate it to training and advising people in practical skills such as motivating people, managing them under stress, coping with stress, counselling, and working in teams.

Ewa Zarkowska, 35, and John Clements, 42, both with masters' degrees in clinical psychology, worked for the Maudsley Hospital in soutb London and the Institute of Psychiatry. But they decided they wanted more than the career prospects offered by the Health Service and the university system. "I did not want to be a middle manager or a wandering academic," Clements explains.

They decided to offer a private sector service to the business world and the public sector (without distinction or bias) in psychological training and consultancy. During the past two years, they have disengaged gradually from their public sector/academic lives to become self-employed. Now, they are the joint owners of Applied Psychology Services based in Warlingham, Surrey, and spend most of their week travelling around the country holding courses, meetings and seminars.

They turned over £65,000 jointly in 1988 and are hoping to reach about £100,000 this year. Next year will call for some hard business planning as they begin the transition from a partnership into a full-blown business with offices and a staff of two or three psychologists and administrators.

So far, most of their work has been in the public sector where they are known and where there is a demand for training by experts. But they are lobbying personnel managers and directors in industry to get over their message about the practical applications of psychology in the business world.

A few years ago, British Airways used psychological studies of its staff's attitudes towards work, the company and passengers as the basis of its now-classic re-training programme called Putting People First. It is no accident that Clements and Zarkowska are again reminding managements that people play a vital role in business affairs by calling their new brochure *Working for People*.

In their first two years in the private sector, Zarkowska and Clements have trained several hundred employees in basic psychological techniqnes, using workshops and in-house help. They have also beeo active in helping organisations establish their training needs.

The two psychologists are agreed, however, that small independent services such as they are providing are not the whole answer to the difficulties that exist in providing clinical psychology services. A central issue, they say, is that simply not enough people are being trained.

But they claim their service is bringing to the forefront some important issnes that have to be faced in the business world – in particular, questions of efficiency and the relationship between providers and consumers.

■ *Applied Psychology Services, Crewes Place, Crewes Lane, Warlingham, Surrey CR3 9NS (tel. 0883-622-028).*

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The best of both worlds

***Stuart Marshall** on why Jaguar and Ford need one another*

LATEST VERSIONS of the Fiat Group's Lancia Thema saloons have two-litre, 16-valve engines, a choice of five-speed manual or four-speed automatic transmissions, and two trim levels.

Prices range from about £15,500 for the 2.0ie 16v to £22,125 for tha turbo-charged SE model, which has ABS brakes as standard. (On most others, they are £1,000 extra). All models run on unleaded petrol.

The Lancia Thema and Fiat Croma are close relatives. The Alfa Romo 164 (and, for that matter, the Saab 9000) share some bits and pieces, too. The Thema 2.0ie 16v manual (pictured) that I drove the other day was long-legged on the motorway, spirited in hilly country and reasonably handy in town, even though it is quite a large car, with ample space for four/five passengers and a massive boot.

The interior is soberly tasteful, almost in the German manner, but the seats are more yielding than you would find, say, in a BMW or Mercedes.

Italy seems to be holding out rather well against the present vogue for hard seats. A Fiat Tipo 1 used recently had seats as soft and comfortable as you used to find in French cars a few years ago. It also rode shock absorbently and passed very little tyre noise to the interior.

FIAT AND Ford have always felt differently about brand (or perhaps I should say marque) names. At least, Ford has in Europe. Everything it has made here, from the most basic Fiesta to the grandest Granada Scorpio, has been sold with the same blue Ford badge on its nose.

For a time after Ford had bought Ghia, the world-famous Italian automotive design company, it seemed the name might be used for a quite distinct and costlier range of Ford-made cars. But that did not happen. Discounting the one-off motor show prototypes, Ghias turned out to be nothing more than better equipped and trimmed versions of normal Ford products at every price level.

I never did understand this. In the US, Ford's luxury cars have been Lincolns for many years. Below Lincoln, but above plain and simple Ford, comes Mercury. Although using mostly the same components as Ford-badged cars, they have different images and higher prices.

There are lots of parallels. Chevrolet, Pontiac, Oldsmobile and Cadillac are all General Motors' brands with common components but their own identities. VWs and up-market Audis share engines and transmissions. More than 40 years ago, Wolseleys and Humbers were posh Morrises and Hillmans. But Fiat provides the best example of rationalising production without losing brand identity.

In Italy, Fiats are for the masses, Lancias for the professional classes, Alfa Romeos for the trendies and Ferraris for the rich. All four marques are, in fact, Fiat Group products. Some (although not the Ferraris) share engines, transmissions and so on, but all are perceived as different makes.

If Fiat had thought like Ford of Europe, all would presumably be badged as Fiats. What would this do for sales of Lancias, Alfa Romeos and Ferraris? Not much, I would have thought.

Clearly, Ford has been shifting its position. In the past few years, it has been buying control (and, of course, the names) of small but famous car-makers. AC was first, Aston Martin next and now comes Jaguar. Ford wanted, but did not get, Alfa Romeo. Fiat saw to that.

It seems to me that both Ford and Jaguar stand to gain a great deal from coming together. Jaguar will get the money it needs to develop new models, Ford a name it can use to add lustre to its executive-class cars. In the competitive jungle that world-wide car-making has become, each needs the other.

Jaguar, if yon forget the ageing XJ-S coupe, is a one-model, luxury class car-maker. The latest XJ6 is a lovely car to sit in - a slice of Old England, really, with its leather and wood veneer - and wonderfully refined to drive. For sheer technology, though, it cannot match the products of companies that spend as much on research and development in a couple of weeks as Jaguar can afford in a year. Companies like Mercedes-Benz, General Motors, Toyota, Nissan and Ford.

As I see it, if Jaguar is to remain truly competitive, its future cars will hava to offer high technology as well as the traditional "grace, pace and space." Buyers of cars in the Jaguar class will become more demanding. They will soon insist on four-wheel drive, four-wheel steering, more fuel-efficient engines and transmissions, and computer-controlled active suspensions as well as club-like interiors.

For this, you need lots of money. Politicians and trade union leaders may, for their own reasons, talk about the past glories of the British car industry — some real, some imaginary. The hard fact is that without a massive influx of funds — far more than a company making 50,000 cars a year could generate — Jaguar would have been lucky to have survived the next decade as an independent car-maker.

Now, it can look forward to developing its long-planned smaller car to compete with up-market European and Japanese executive cars.

Passing the road test

WOULD LIFE be made easier on our motorways if overtaking were allowed on either side, as it is in the US? I asked this question a few weeks ago, having just come back from California, where there are no such things as "slow" and "fast" lanes on freeways and you can pass on left or right. The only real sin is not to signal before you make a lane change. The Japanese, who drive on the same side of the road as the British, practice a similar rule on their expressways; so do the Australians.

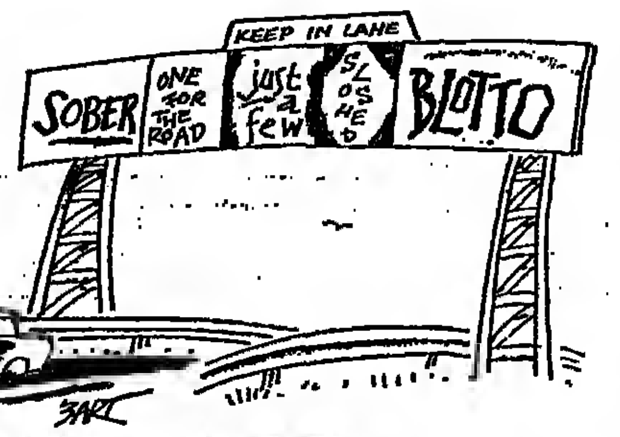
In Britain, it is illegal to overtake on the near-side — although this does not stop a lot of people from doing so when baulked by a third-lane hogger, so long as there isn't a police car in sight.

Stepban Taylor, of Stonehousa, Gloucestershire, thought either-side overtaking "a profoundly sensible idea" although he found it alarming when first he encountered it in the USA some years ago. He pointed out that, at quite low traffic densities, the right-hand lane of a British motorway might fill up while tha inner lana or lanes (depending on whether it was a two or three-lane road) remained almost empty.

"Tha motorway code and laws are complex . . . but the overtaking rule could be amended to make for far better use of our roads," he wrote.

He added that when there was a hold-up on a motorway, most drivers tended to pick a lane and stay in it, so keeping station with the vehicle in front. But if they overtook slower traffic in an outer lane, they were committing an offence.

Taylor's view was not backed by Londoner Malcolm Reeve, now living in Los Angeles. "I disagree that loss of lane discipline on UK motorways would be a good thing," he wrota. "It [two-sided overtaking] contributes to both accidents and slowing in Los Angeles."



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But Reeve suggested one American idea that could be imported to British advantage: being able to turn right at a red traffic signal (which is sometimes, but not invariably, permitted in the US).

In the UK, of course, it would be permission to turn left and green filter arrows are common already. They do speed traffic flow but can be dangerous to pedestrians, especially to those who think the little red man doesn't apply to them.

H. A. Shaw, of Bourne End, Buckinghamshire, said he was stunned by my suggestion that there might be something in the American (and Japanese and Australian) way of motorway life. A regular visitor to Western Australia, he found driving on its freeways "a nightmare, to be compared with fairground dodg'ems."

The constant lane changing there caused frustration, stress, bad temper and greater liability to accidents. "You get vehicles in all three lanes of a highway, doing nearly the sama speed. When a gap appears, they all make a dash for it and try to get through first. It can be quite frightening."

Wall, yes. This kind of behaviour is not unknown on crowded US freeways, either. But, in general, I find American drivers more relaxed and less aggressive that Britons and, presumably, Australians.

At the moment, the British seem to be getting the worst of both worlds at home. That is, either-side overtaking when it suits some thrusting drivers — even though it is both illegal and, more to the point, dangerously unexpected.

S. M.

A ride to Rawalpindi

***Alec Russell** and his team have finished the first leg of a gruelling cycling marathon*

THE FIRST leg of our journey is over. After 1,000 miles we have reached our base camp, Rawalpindi. A break from the daily grind is most welcome, both for our needs and our stomachs — a diet of curried lentils and chapatis is wearing on even the toughest constitution. Yet after 16 days of cycling through isolated rural areas we are finding it both disorientating and disconcerting to return to normality and semi-sophistication — things which we have not seen in Pakistan since our departure from Karachi 16 days ago.

We — myself and three others — had flown in to Karachi to begin the first leg of our cycle trek from Oxford to China to show the support of British students for their Chinese counterparts, and to raise money on their behalf. From Karachi we set out to cycle 1,500 miles to the Chinese border, there to lay a wreath in memory of those killed in the Tiananmen Square massacre.

Our first target was to emerge unscathed north of the Sind. This, according to most informed sources, was improbable. On the flight out, Pakistanis shook their heads sadly at the folly of our plan. With nearly three weeks' hindsight we can now smila wryly at such warnings.

The inhabitants of each area are convinced thet their neighbours are ignorant and/or anarchic. Country dwellers bemoan the lawless cities; urbanites slander the rural areas. Sindhis "hate" Punjabis, who, in turn, mock their sonthern country cousins. All assume (probably rightly) that the Pathans in the north are wild and uncivilised.

These fears were not wholly unjustified. Dacoits pose a real problem to the stability of the Sind. The day before our arrival in Sukkur, a young Christian boy was kidnapped by another tribe. The Christian tribe from the north is unwelcome there, not because of its faith bnt because it occupies Sindhi territory. The authorities held no hope of rescuing the boy.

Of more significance is the Sindhi-Mohajir rivalry. Forty years after partition the Indian immigrants, or Mohajirs, still cling stubbornly to their identity. The big cities in the Sind are divided by rival factions. By ill-fortune we arrived in Hyderabad on the first anniversary of the massacre of 300 Mohajirs there last September by Sindhi gunmen. As yet there have been no prosecutions.

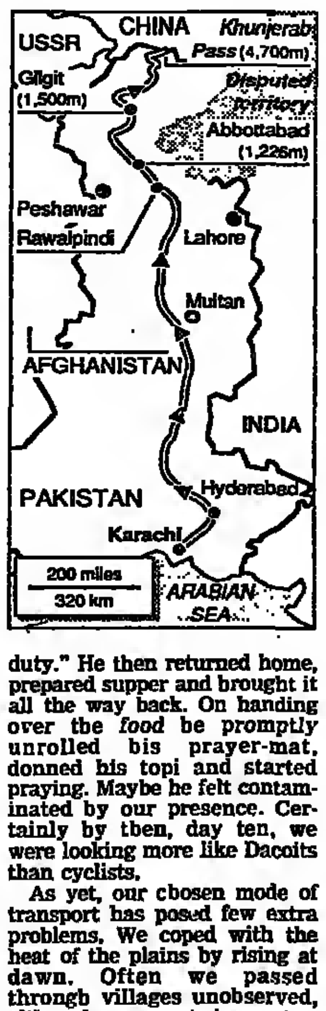
We cycled in, escorted by a troop of young Mohajirs with black armbands riding on motor cycles. There was a heavy police presence. Everywhere was closed; the only accommodation available was with a staunch Sindhi — not ideal under the circumstances. We stayed in our room with the door locked and went hungry. Well before dawn the next day we were in the saddle heading north.

We have tried to keep a low profile, although this is impossible in the rural areas where foreigners seldom, if ever, pass through, let alone on flashy "disco" bikes. Huge, curious crowds surround us at every stop. To save explanations, we have become the British cycling team. Our real aim has had to be suppressed.

Chinese-Pakistan relations are at a high point. Pakistan newspapers are full of advertisements for opportunities in China. One Pakistani student guardedly expressed sympathy for the massacred students of Tiananmen Square. He was promptly rounded on by his friends. We would get little support for our venture here.

But we have never felt personally threatened. One of us dropped a wallet, brimming with untold wealth by local standards. Ten minutes later a young man caught us up and handed it back. The Good Samaritan was rather surprised when we expressed amazement at the crowd's honesty, though everywhere we have met with near-unbelievable hospitality.

In one small village a certain Sikander was determined to slaughter his only chicken for us until we convinced him that we were vegetarians. In Rahimyar Khan a certain Ali Mukhtar followed us for 15 miles on his motor cycle: "To be of service, it is my moral duty." He then returned home, prepared supper and brought it all the way back. On handing over the food he promptly unrolled his prayer-mat, donned his topi and started praying. Maybe he felt contaminated by our presence. Certainly by then, day ten, we were looking more like Dacoits than cyclists.



As yet, our chosen mode of transport has posed few extra problems. We coped with the heat of the plains by rising at dawn. Often we passed through villages unobserved, although once or twice protective watch-dogs have roused both sluggish inhabitants and, more important, our legs into action. We have all had our rabies jabs, but that has proved small comfort when we have been pursued by a dog pack.

The roads have varied — seldom adequate, sometimes diabolical. Unfortunately, all too often we have been compelled to cycle off piste. Over-friendly lorry-drivers are the most frequent culprits. Fascinated by our bikes, they slow down, engulf us in fumes, pull closer — and we are in the sand.

These excursions into the rough have played havoc with our nerves, joints and bikes. Miraculously, we have still had no punctures. But the jolting has had more insidious effects. On the third day my entire rear carrier gave way and crashed with my panniers into the dust. Chaos ensued as I scrambled for the precious screws. A crowd of enthusiastic locals swiftly materialised from the desert. None of them had the slightest idea of the object of my quest, but my hands were soon full with a pot-pourri of irrelevant metal objects. I now check my connections at every halt.

As we neared Rawalpindi, I saw the Karakorams for the first time. Snowy peaks gleamed briefly in the distance and then disappeared into the haze. It was enough. Even after 1,000 miles, our goal still seems distant and daunting, but, after that brief sighting, it does, at last, seem possible.

The next stage will be very different. The Salt range, an arid plateau just south of Pindi, populated only by goat-boys and reminiscent of the most inhospitable parts of Greece, promised to provide a useful blooding for ourselves and our cycles after 900 miles of flat terrain. However, the ascent lasted a mere seven miles, to a height of just over 3,000 ft. The Karakoram highway is 600 miles of sheer climbs and descents, peaks at 16,000 ft.

We are on schedule, but the snow has already arrived in the north. We shall not regret our sleeping-bags, which have been lugged laboriously through the desert. A day has been set aside for diary-writing, cycle-maintenance and self-pampering. The day after, we head for the mountains.

Chess

SIGNS LOOKED promising for an England snccess in tha world team championship, which ended earlier this week at Lucerne, Switzerland. The six-man England group, sponsored again by merchant bankers Duncan Lawrie, were at full strength while the Soviet Union, holders of the world and olympic titles, missed Gary Kasparov. He boycotted this event as part of his long-standing quarrel with International Chess Federation (FIDE) president Florencio Campomanes.

But the USSR surged into an early lead with wide-margin victories over the US and Yugoslavia, while England were slowed by too many draws. The Russians were 2½ points in front when the England v USSR match began in the fifth round and, trying to close the gap, the England players over-pressed with the white pieces and lost, while Anatoly Karpov ontplayed Nigel Short in the endgame. Murray Chandler scored in good style, but 3-1 to the Soviets made gold medals a formality.

After that, the question was whether England could justify their reputation — gained from silver medals in the past three olympics — as the number two chess country. It looked dubious until a remarkable surge in the penultimate round when England beat the US 3½-½, their best victory yet over the powerful Americans. Short's win over Yasser Seirawan in this match was the most brilliant at Lucerne.

But right at the end came another setback. England could only draw 2-2 with China; Short lost on top board — and Yugoslavia took the silver. Final scores were USSR 27½ out of 36, Yogoslavia 22½, England 21½, Hungary 18½, US and Switzerland 17, Cuba 16½, China 14½, Netherlands 12½, Africa 11½.

Victor Korchnoi, the veteran former world title challenger, likes to go his own way in the opening and his plan to delay castling in a routine system looked plausibla. Bnt Short took the initiative by an inventive sacrifice, then found gaps created by Korchnoi's pawn advances. Short's threats became stronger until his elegant rook and knight attack forced mate or decisive material gain.

White: V. Korchnoi.
Black: N.D. Short.

Catalan Opening (world team championship, Lucerne 1989).

1 c4 e6 2 g3 d5 3 Bg2 Nf6 4 Nf3 Be7 5 d4 0-0 6 Qc2 c5 7 dxc5 Qa5+ 8 Nc3 dxc4!

An improvement over 8 ... Nc6 9 cxd5 exd5 10 Qa4 Qxc5 11 Be3 (Korchnoi - Andersson, Tilburg 1987) when White develops with gain of time.

9 Nd2 Qxc5 10 Na4.

Here 10 Qa4 and Qxc4 would equalise. By taking two moves to regain his gambit pawn Korchnoi concedes the opening initiative.

10 ... Qa5 11 Qxc4 Bd7!

The point. Black offers a positional exchange sacrifice for active play by 12 Bxb7 Bxa4 13 Bxa8 Nbd7 14 Bg2 Nb6, perhaps with Rc8-c2 to follow. Korchnoi clearly believes it sound, but as played Black has a comfortable game without problems.

12 Nc3 Rc8 13 Nb3 Qh5 14 Qf4 Bc6 15 0-0 h6 16 e4 Nbd7.

Despite the symmatrical pawns, White lacks a good square for his queen. If 17 Rfd1 g5 18 Qf3 Qxf3 19 Bxf3 Ne5 keeps up the pressure.

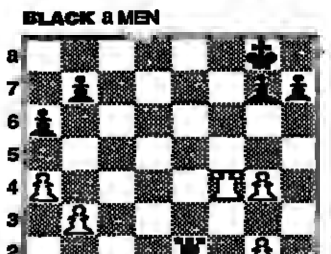
17 f3 a5 18 g4 Qe5! 19 Qg3 Qxg3 20 hxg3 Ne5 21 Rd1 b5 22 Nd4 Bc5 23 Kf1.

Losing quickly, but 23 Be3 Nc4 24 Bf2 Nxb2 is also very good for Black.

23 ... Bxd4 24 Rxd4 b4 25 Nd1 Bb5+ 26 Kg1 Rc2 27 Bf4 Nd3 28 Bf1 Ne1! 29 Resigns. Black's elegant final coup forces either Nxf3+ 30 Kh1 Rh2 mate or decisive material gain (29 Bxb5 Nxf3+ 30 Kf1 Nxd4).

London's Barbican Centre and its Hungarian Festival stages a highly watchable event this weekend - Young Hungary (the three legendary teenage sisters) against Young England (Adams, Norwood, Sadler). FT readers will know that I consider both Judit Polgar, 13, and Michael Adams, 17, as potential world champions, and this will be their first meeting at tha board. Play is noon-6 Sunday, 6-10.30 Monday evening. Tickets £3 at the door, Conservatory Terrace Level 9.

BLACK 3 MEN



WHITE 6 MEN

D. Holmes v. P. Motwani, Grangemouth Open 1989. A dull position, you might well say. Rook and four pawns each — why don't they agree a draw? Paul Motwani is Scotland's number one player already, with two grandmaster norms. The game went 1 ... Rb2 2 Rb4 b5 3 axb5 a5 4 Ra4 Rxb3 5 Rxa5 when White is a pawn up but cannot win because of his weak pawns and passive rook placement.

Hidden in the above sequence are (a) an obvious mistake and (b) a remarkable double oversight. Can you find them?

Solution Page XXV

Leonard Barden

Bridge

THERE IS a certain similarity about my hands today. Both come from rubber bridge, both are heart slams, and both declarers failed to spot the winning line. Here is the first:

N
♠ A 4 2
♥ A 10 7 2
♦ K 8
♣ 7 6 4 3

W
♠ K Q J 10 9 7 3
♥ —
♦ J 7 3
♣ K J 10

E
♠ 6 5
♥ 4 3
♦ Q 9 6 5 4 2
♣ 9 8 5

S
♠ 8
♥ K Q J 9 8 6 5
♦ A 10
♣ A Q 2

With both sides vulnerable, West dealt and pre-empted with three spades. After two passes, South said four hearts. North bid four no-trumps and, when South showed two aces by his reply of five hearts, he went on to six hearts.

West opened with the spade king, taken by the ace, and trumps were drawn in two rounds with ace and king. Then South made his diamond ace, crossed to the king, led back a club and finessed the queen. West won with the king and, as declarer could not avoid the loss of another club, the contract was defeated.

A little thought would have saved the day. When South wins the opening lead, ha should reason that West surely is marked with seven spades. East, therefore, could have only two. At trick two he ruffs the two of spades, draws trumps and plays off ace and king of diamonds. Now he returns dummy's four of spades, on which the two of clubs is discarded. West wins and is endplayed. A club lead runs into South's tenace, a spade or a diamond concedes a ruff discard.

This was the second hand:

N
♠ A K
♥ J 10 5 4
♦ Q J 8 2
♣ A K 7

W
♠ J 9 4 3 2
♥ —
♦ K 10 4
♣ Q J 9 5 3

E
♠ Q 10 7 6
♥ K 3
♦ 9 5 3
♣ 10 8 6 2

S
♠ 8 5
♥ A Q 9 8 7 6 2
♦ A 7 6
♣ 4

With North-South game, North (the dealer) opened with ona no-trump. South replied with three hearts and North re-bid three spades. This accepts hearts as trumps and shows the spade control. South now said four diamonds, North checked for aces and, hearing that South had two, closed the auction with six hearts.

West led the club queen, taken by the king, and the declarer returned a heart to his ace.

West showed out and the slam now depended on a successful finesse in diamonds. South crossed to the spade king and ran the diamond queen. West had the king and that was one down. "Bad luck," said North — but was it?

The expert is always on the look-out for an endplay. At trick two the declarer should cash the ace of clubs, discarding a diamond, and ruff the seven. He crosses to the spade king, cashes the ace, leads a heart and finesses the queen to land the slam.

"Hindsight," you say. Not at all. If the finesse wins, the contract is made; if it loses, West is endplayed. D'accord?

E. P. C. Cotter

BOOKS

In the aftermath of Tiananmen Square, David Howell considers Hong Kong's future

Euphoria changed to savage fury

IF WHOLE communities can suffer nervous breakdowns, then Hoog Kong must now be not very far from this condition.

After the trauma of Tiananmen Square, the one thing the Territory needed was calm and reassuring noises from Peking. Unfortunately, it bas received the opposite. Instead of soothing words, it has been battered with charges of sabotage, even of being the actual cause of the summer upheavals in China.

One of tbe greatest city states on earth, a triumph of 20th century capitalism and freedom, has been reduced to a condition of jittery unease, with both confidence and brain-power draining away. Such is the story of Hong Kong to date.

Perhaps it was always inevitable in such a highly strung, volatile place. Kevin Rafferty's new book, *City on the Rocks*, takes us right through from the glory of much happier days, via the panic of the early 1980s, the feverish euphoria after tbe signing of the 1984 Sino-British Agreement, then the growing bitterness (especially against Britain) of 1987 and 1988, to the state of stunned shock to which Hong Kongers were brought by the atrocities in Peking, all too vividly portrayed on their television screens.

CITY ON THE ROCKS: HONG KONG'S UNCERTAIN FUTURE
by Kevin Rafferty
Viking £15.95, 518 pages

Something of the same pattern of wildly swinging moods is reflected in Rafferty's own writing. In the confident carlier pages, we have the fabulous chronicle of the emergence of this miracle city state recounted in impressive detail. Tben in the later chapters, as the shadows fall, the tone changes. Bitterness creeps in, the text grows more assertive, (and occasionally less accurate) and ends on a note of savage fury wbich accurately mirrors Hong Kong's current feelings about its fate.

The Princess of Walas: warm reception in Hong Kong this week despita the passport controvarsy

Such departures from cool analysis seem to me wholly forgivable and understandable. Of course, it is maddening to be told that Britain is now run by "timorous small-town grocers" and that not just China but Britain, as well, are both "doing their best" to put tbe post-1997 Hong Kong at every possible disadvantage, or that the Government Whips at Westminster fingered the Foreign Affairs Committee when it made its report on Hong Kong (whicb is rubbisb), or that the Portugese have heen so marvellous over passports in Macao – when the problem is on a totally different scale, or tbat the French have been so generous by dishing out a few thousand passports to their Hong Kong friends.

It is absurd, too, to be told in one breath that Hong Kong should have heen given independence and in the the next tbat it is, and must always be, interdependent with mainland China. But who would not go a little over the top at the frustration of it all? Different verslons tbere will always be of what happened to make the Chinese so determined to end not just British sovereignty (which, after all, in Chinese eyes Britain never really possessed) but also Britiah administration.

Yet what is done is done, and the task now is somehow to make it work. The key to this, of course, lies not in London but in Peking. The British will produce tbeir "nationality" package and it is to be hoped that tbe numbers of those who are promised *passports*, to make them *stay* on in tbe Territory and not, empbasise not, come to Britain, is in tens of thousands.

Every effort should be made, as Rafferty argues – and whstever the pressure from China to the contrary – to encourage a similar approach to passports by other Community and Commonwealth countries, and to make the point that, while Hong Kong may have Chinese parents, its god-parents are international.

But the heart of the matter is bow to handle prickly, unpredictable, amorphous China itself. The message of Tiananmen Square was surely not that China is tyrannically strong but that it is pathetically weak. Unable to reach decisions, it wants everything hoth ways – dictatorship and freedom, the wider capitalist world and the *inner secretive China*, a Hong Kong whicb prospers hut a Hong Kong whicb is also suitahly cowed and deterred from "suhversion" – a hundle of shifting contradictions which Rafferty analyses with great skill.

The only way forward in face of all this must be neither to kowtow to Peking nor to confront and provoke head-on, to respect all that is good and wise in China's attitudes – and there is much – and to disregard the boorishness and sullen lectures which seem again to have become part of the package. Such a balancing act reqnires an almost superbnman calming of tant nerves in both London and Hong Kong. It requires imminent decisions about the pace of democracy in the *Territory to be taken above all* in tha interests of Hong Kong. And it requlres endless patience and persuasion in dealing with Peking, despite the bloodstains.

Kevin Rafferty's hook has the same virtues and the same faults as Hong Kong itself. It is as grandly sweeping as the Hong Kong waterfront, as ricbly detailed, as large-visioned and as small-minded. Yet in the end, despite tbe unjustified rage against Britain and the misunderstandings, the reader must bave strong sympathy with what Rafferty is trying to do. He loves the drama of Hong Kong. He pleads that it is not allowed to slide into tragedy. All of us who rejoice in this age to see tha growth and prosperity of free enterprise *societies, large or small*, must fervently wish the same.

House of Savoy — dull as cabbages

DENIS MACK Smith has had the good idea of describing the four kings of the House of Savoy wbo between them ruled Italy from 1861 to 1947. This offers a new and instructive way of looking at the emergence of modern Italy, clarifying politics and problems whicb persist into the present. The sources are inadequate, as Mack Smitb complains, hut this proves to he rather an advantage to a narrative historian as skilled and thorough as he is, and one who is not afraid to take a moral position in pleasingly crisp language.

ITALY AND ITS MONARCHY
by Denis Mack Smith
Yale U.P. £16.95, 402 pages

In general, these four kings were astonishingly unfit for their role, heirs to an obsolete military tradition, distrustful of their own sons and beirs, jealous, greedy, devious, invariably preferring the interests of the House of Savoy to those of the nation or the people. In terms of the usual human fulfilments all lived narrow and unaffectionate lives, dull men further dulled hy their limitations. They were extraordinarily lucky to have got as far as they did. This book goes to show how long it takes in politics hefore rhetoric and injustice finally end in catastrophe.

Victor Emanuel II, tbe first of these kings, was the beneficiary of the *risorgimento* not only managing to excloda republicans like Mazzini and Garibaldi, but also dispossessing rival hereditary rulers of Tuscany, Naples and Sicily, and the Pope in the papal states. Thuggishly determined to rule rather than reign, he had no intention of sharing power through parliament or any other constitutional mechanism.

Here was the prime and lasting source of weakness in an Italy comprising so many mutually suspicious small entities, suddenly united at gunpoint in a way which serves to harden rather than disperse their individuality. Only a genuinely representative parliament could have mediated properly between the various interests involved, which were social and political and even religious from tbe Alps to Sicily. Autocracy, as practised by Victor Emanuel II and his equally unappesling son Umberto, encouraged everyone else to act in their own exclusive interest.

As a result, Italy remained corrupt from top to hottom. Only a revolution could change this, and it became the rulers' main concern to ensure that there would be no such thing. The wbole concept of parlismentary democracy was discredited in the process, and puhlic opinion was never allowed to emerge. Aggrandizement at the expense of others was also the basis of foreign policy, whether in its aims to seize hits of Austria or France or Albania, or to launch expeditions in Ethiopia and Libya.

Coming to the tbrone in 1900, Victor Emanuel III was to be a fixture of the European scene for the next 46 years. At the core of this hook is a superb portrait of this enigmatic man, diminutive in stature, taciturn, shy, a noted numismatist and shot. Absolutist hy nature, he distrusted constitutional government, dreading socialists and coming to hate even mild liberals like Giolitti or Bonomi who could have saved the day. His hope was always to take the praise for any successes while foisting the blame for failures onto the despised parliamentarians.

Luck alone brought the king throngh the first war. Unahle to decide which side to be on, for one week in 1915 be actually was on hoth, forfeitiog respect and advantage. After the war, he found in Mussolini another ahsolutist who was therefore temperamentally congenial to him. Mack Smith clearly sbows bow the king could have stopped Mussolini at the time of the march on Rome in 1922 and again in 1940, and finally even in 1943, when once again he hriefly fouod himself on hoth sides in a world war.

Victor Emenuel III had allowed Mussolini his head on so many occasions, it is clear, because he was himself a fascist fellow-traveller. Mussolini threatened to abolish the monarchy hut had no need to do so because in effect it proved a stronger prop than his hlackshirts. If the king went along with fascism, then there was no cause for ordinary Italians to oppose it. Meanwhile Italy continued to be as corrupt as ever, a society in which the strong took what they could and the weak paid for it.

The king's attempt to benefit from fascism while also seeking to avoid responsibility for its consequences was certain to destroy him and the House of Savoy. In the final analysis, be did not really understand where his actions were leading him. Luck was no longer enough. His son was deposed hy plebiscite, althongh the margin was slender, showing what a great deal the Italians were willing to put up with. The introduction in 1947 of a democratic repuhlic was hardly the revolution the monarchists had feared, but the Italian Parliament'a struggle to be genuinely representative and to root out corruption had nothing to huild on, and it had proved longer and harder than it need have been. In Europe, perhaps only the Romanovs left their people a more difficult legacy.

David Pryce-Jones

Right Royal anxieties

THERE WERE many things against George VI as a king. He was not trained for the joh. He certainly didn't want it. He was not clever, in fact, rather stupid. His personality was not strong. He grew up in the shadow of a glamorous and popular elder brother. But, as it turned out, he was a good and successful king. Certainly he deserves this thorough, fair and sympathetic hiography.

GEORGE VI
by Sarah Bradford
Weidenfeld & Nicolson £18.95, 506 pages

Churchill, who backed Windsor through the Abdication crisis, said later to his ally, Beaverbrook, "Max, we backed the wrong borse." Sarah Bradford devotes some fascinating pages in her excellent book to relations betweeo the two brothers, Edwsrd and his successor, George VI. It is a painful story from which Edward does not emerge with much credit. No doubt it was bard for him, after all tbose years in which he had been tbe darling of the people, to realise that the public disapproved of his conduct and actually disliked the woman that he loved.

Allowance, too must he made for tbe powerful mischief-making influence of tbe German Nazi government which could and did offer to restore bim to the throne in certain circumstances. When war came the Nazis, who had missed kidnapping the queen of Holland hy a matter of minutes, made an attempt to lure Edward from Lisbon into Franco's Spain. In the end, thanks largely to Walter Monckton and the secret service, he was persuaded to go to the Bahamas. But il was touch and go.

Stirring up trouble at home, making mischief abroad, Edward was a perpetual worry to his brother. Those wbo think that royal anxiety about the ex-king was exaggerated, may change their minds after reading Sarah Bradford's pages on the subject. But, as it turned out, there was always one weapon which the king coold use and one which exposes the basic pettiness of Edward's mind – the king could alwsys say that the subvention to the Windsors income (£80,000 or more) should be subject to income tax. That was an indignity which the duke could not bear to contemplate.

Windsor was not the only member of the family who caused worry to the king. Kent, until his marriage, kept dubious company. The secret service, were anxious shout the official papers which were sent to him fearing that he might pass some of their contents on to the Nazis hy way of some of his strange friends. When the war came there was even trouble with the king of Norway whom King George referred to as "that hloody old hore Uncla Charles."

If oot of all his difficulties with his kith and kin, George VI emerged with honour and success, the credit must be given to his fundamental decency and his profound sense of duty and also, of course, to tbe support be had from his strong-minded, devoted and capable wife.

Reading Sarah Bradford's engrossing account of his life during those dangerous days – the scenes, the personalities, the dinner parties, the silly society women, the flashy adventurera of that vanished age of brittle opulence – one understands better wby Churchill wrote on the card that that accompanied his wreath at the sovereign's funeral the two words, "For Valour."

George Malcolm Thomson

Bit of a romantic about trains

***Malcolm Rutherford** on the memoirs of the man who took the strain during the Aslef strikes*

SIR PETER Parker is probably best known for his long spell as chairman of British Rail. He was born in France, moved to China, then learned Japanese. That may explain – this is not to be unkind – a slight difficulty in expressing himself in English.

Parker has had a fascinating life. He ought to have written a fascinating book and, in parts, he has; hut you have to look quite hard to find them. He claims to have invented the phrase "going plural," whicb applied to executives means having several johs at once. Parker has had a lot of jobs; it is possible that be may have taken on too much.

The ruling passion in his career, he writes, was management, which he learned from bis war-time experience, mainly in Asia. After the war, and a spell in allied intelligence in the US, Parker reached Oxford on his own initiative. He went round the colleges knocking on doors. Ha nipped into Lincoln, which accepted him, between courses while he was having lunch st the Mitre Hotel just across the road. At tbe University ba acted (Lear and Hamlet), played rugby and took a second in history. His admiration for the place verges on the idolatrous, which is odd for a managerial man.

FOR STARTERS: THE BUSINESS OF LIFE
by Peter Parker
Jonathan Cape £18.00, 326 pages

He became a member of the Labour Party and was the Labour candidate at Bedford in the ganeral election of 1951. Snch a hackground did not antomatically qualify for a job in industry. Still, be stuck to his love of management and was one of the pioneers among those who sought to attach to it the concept of social responsibility. The Duke of Edinburgh was a notable patron in what was then the Industrial Welfare Society, now the Industrial Society.

Parker was taken on by Booker Brothers, a group with a social conscience. He was not at all a bad businessman, as subsequent events wera to sbow. For example, he was later chairman of the Rockware Group, the biggest independent maker of glass containers in the country.

But it was his Labour background and interest in social responsibility that made him a natural candidate to run a nationalised industry. Parker was first offered the chairmanship of the railways hy Barbara Castle in 1967. Harold Wilson tried to persuade him to accept on the day that the Cabinet had finally decided to devalue the pound, a decision unknown to Parker and nearly everyone else until 48 hours later.

Parker turned down the job because he was not to be allowed to increase executive pay: not so mnch his own, but that of the other BR managers. On his own admission, however, it came to seem the post that be had always wanted. When it was offered again in 1976, he accepted and stayed for nearly eigbt years. The description of his tenure is a large part of this book.

Was he a success? Yes, np to a point. Tbe first part went well. Parker restored some confidence in the railways, sorted out how they should be financed and reached an agreement with the Labour Government and the Tory Opposition that there should be what he calls a "contract:" tha railways would improve thair efficiency and in return would receive s government subsidy for social costs and investment. Norman Fowler, the shadow transport minister at the time, comes in for particular praise.

According to Parker, Fowler was convinced tbat Mrs Thatcher would not make him Minister wben the Tories won the election in 1979. But she did and for a while Parker and Fowler worked well togetber.

The trouble was the unions. In a series of disputes over flexible rostering, the unions failed to deliver on productivity. Tha train drivers' union (Aslef) quarrelled with the larger National Union of Railwaymen, and both bodies had internal divisions. As Parker ohserves, most people will have forgotten the details by now, even if they ever knew them. Yet it was a big event while it happened and a setback for the Parker vision of tbe railways.

James Ferguson

In the end, Aslef capitulated, hut valuable tima had been lost. Parker sncceeded in retrieving some of the railways' reputation, though not as much as he would bave liked. He describes the disputes as "a necessary journey through hell."

He was a bit of a romantic about trains and even tbeir work-force. He sbould bave songht – in a phrase that rings of the past – more of a national transport policy. But since Parker had to work with six different ministers during his years in office, it would be unfair to blame him alone. This hnsiness of repeatedly changing the Transport Secretary goes on – from Paul Channon to Cecil Parkinson this year – and is one of the oddities of Britisb government.

One footnote: Parker writes that when he went to the railways in 1976, he understood he was also in the running for the then British Steel Corporation. He was shown the list of candidates for tbe steel job hy a senior Cabinet Minister. It included the now Sir Ian MacGregor, the man the Tories were to hring in several years later amid considerable Labour protests. There is a lot in the book, if you can plough your way through it.

Fiction

Shades of Dickens

THERE IS something very seriously wrong with the literary scene in this country when a novel sucb as *The Quincunx* – a first novel by Charles Palliser, 12 years in the making, and an outstandingly good read – not only fails to win the Booker prize in a dismal year, hut does not even make the short list, or anywbere near the short list. An injustice has been done: worse than that, an opportunity missed to draw a fine book to the attention of the wider public it so richly deserves.

THE QUINCUNX
by Charles Palliser
Canongate £14.95, 788 pages

The novel's appearance, to be fair to the judges, is somewhat against it. It weighs half a ton, possesses an off-putting title (a quincunx in this context is an arrangement of five items in a heraldic device; also oak trees, similarly spaced), and appears from the hlurb to be a work of signs and symbols – something impenetrable perhaps in the manner of Umberto Eco. One can imagine a hard-pressed judge, with more than 100 books to wsde through, gazing in despair at *The Quincunx's* 788 pages (to include a four-psge list of characters, some of them under false names) and not investigating mncb further before moving on. If that is what happened, it is a crying shame, because the book is a treasure from end to end.

The main character is John Huffam, a young boy growing up in reduced circumstances in tbe rural England of tbe 1820s. He lives with bis widowed mother in the village of Hougham, near tha estate of the same name owned by Sir Perceval Mompesson and his family. There is something peculiar about the Mompessons, and their beautiful young ward Henrietta. Something peculiar about John too, for it has not escaped his notice that Hougham is pronounced the same as Huffam. Could he be the rightful owner of the estate? If so, where is the missing codicil that will establish his claim in Chancery, where a court case about the Huffam inheritance has been dragging on for more years than anyone can remember?

A person or persona unknown believes that John's mother has it. They deliberately bankrupt her in order to force a sale. Rather than give in, however, she takes John to London, where she is rapidly conned out of her remaining cash and forced into prostitution, before dying of consumption.

John meanwhile is shipped off to a ghastly "school" in the country, where he suspects that he is to be murdered as soon as is convenient. The truth of the matter is that the Huffam inheritance has many claimants, some of whom need him aiive to establisb tbeir titla, the majority of whom however must have him dead.

John escapes from the school and after many perilous adventures returns to London, where be wanders the freezing streets, faint from hunger. Eventually he passes out on the doorstep of a kindly family who take him in and nurse him back to health. Unfortunately however – in one of those outrageous coincidences beloved of Victorian novelists – they too are heirs to the Huffam fortune. John soon begins to suspect poison in his food. He tries to escape again, but is carted off to a madhouse, where he is thrown into a cell with a wild-looking creature who turns out to be the father he has never met.

The plot in fact is pure Dickens, with a dash of *Les Miserables* thrown in. The whole book is an affectionate pastiche of the Victorian novel, and of Dickens in particular, right down to thieves' kitchens, foggy murders on the banks of the Thames, and a vast galaxy of characters in whom the milk of human kindness has never begun to flow. The author has done an enormous amount of research into the period, but never allows it to intrude. If you enjoyed *Oliver Twist*, or *David Copperfield*, or *Great Expectations*, you will be greatly entertained hy *The Quincunx*. I defy anyone to read it against the Booker six and not concede that the judges must have got their wires crossed somewhere.

Nicholas Best

BOOKS

The Ancient Mariner — one of Mervyn Peake's illustrations to an edition of Coleridge's poem published by Chatto in 1978

Exploring the mind behind Kubla Khan

Anthony Curtis welcomes a new biography of Coleridge

COLERIDGE stands for the general reader like some Lakeland mountain familiar but formidable: some parts of it are perfectly acessible, all too well remembered from school; but the higher levels and the summit from where it might be possible to get a sense of the whole remain shronded and obscure, impenetrable to all but the professional academic climber, hammering his pitons into the rock face and establishing a precarious foothold.

Thanks to Richard Holmes that has now changed once and for all. In his new biography of the poet, of which *Coleridge: Early Visions* is part one, he has opened up the vast confusing territory with great skill and judgement. Living on Mount Coleridge for so long, Holmes has discovered a whole network of paths, man-made and natural, which lead to unexpected vistas and fresh viewpoints. He brings the huge Coleridgian range witb its breath-taking peaks and troughs within the capacity of anyone who has a stout pair of boots.

The book ends in 1804 when Coleridge, aged 31, set sail for Malta leaving a wife, Sara, and three children behind in one part of Cumberland, and Wordsworth, his slster Dorothy, and Sara Hutchinson (Asra with whom Coleridge had fallen in love) in another. He needed, as so often, to get away to renew his powers, to distance himself from domesticity. He had a universal reputation as a great mind bnt be was not yet universally known as a great poet, even though he had written and published some of his finest poems including the *Ancient Mariner*. The work originally appeared anonymously in *Lyrical Ballads*. It was Wordswortb who was the senior partner in that venture, and it was Wordsworth who wrote the dismissive note on what he considered to be the deficiencies of the Mariner and it was Wordsworth again who rejected *Christabel* for the 1800 two volume edition. Coleridge was so shattered that he determined to give up writing poetry altogether. He now begun to rely more heavily than hitherto on opinm for solace.

Coleridge's snbmission to the anthority of Wordsworth makes salutary reading. Holmes gives us a perceptive analysis of the shifting balance of power between the two men from the time they first met when Coleridge was already notorious as a radical journalist and much in demand by London editors, through the first period of rural retreat in Somerset, when the Coleridges were living in a damp cottage in Nether Stowey, to the move to the Lake District by the Wordswortbs whither Coleridge followed, in spite of his wife's reluctance.

Thus Coleridge sacrificed a dazzling career as a kind of 18th century Bernard Levin in order to set his compass by Wordsworth's rising star and to engage with him and his sister in a continuing dialogue, against the remote rural setting of the fells, concerning a new poetic discipline known to history as Romanticsm. His reward was a complete dejection of spirit which after mnch misery and many sleepless nights he converted into the celebrated *Ode on Dejection*. This Holmes sees as the crucial turning-point in the reconstruction of his personality.

The book is particularly good on the way many of Coleridge's poems began as conversations with himself, as ntterances to sort out the complexities of his own divided nature. Ths ordinary reader knows Coleridge through a handful of constantly anthologised poems starting with *Kubla Khan*; while giving due weight to these and their roots in Coleridge's personal history as the youngest son in a family of clergy, a scholar of Christ's Hospital where he had the classics beaten into him by a brutal headmaster, Holmes relates the anthology pieces to the more occasional and fugitive writings.

For someone who rarely succeeded in finishing anything, the patron saint of all literary procrastinators, Coleridge had a prodigious output. The Canadian scholar *Kathleen Coburn has spent the* best part of her professional life editing his notebooks; in addition there are sermons, travel-pieces, lectures, epigrams, reviews and all manner of ephemera. A lonely walk across Helvellyn would get recorded in two or three pages of descriptive prose of a high order sbot through with philosophical meditation. Holmes takes the view that nothing that Coleridge ever wrote is too fragmentary too be integrated into a larger whole.

Ths same applies to the people he knew and charmed. His effulgent personality and unending flow of discourse conquered everyone in sight. Hazlitt, wbo later turned against Coleridge, described in a famous essay his impact on an impressionable young man. Among others who come into the pictnre after Coleridge became alienated from his family and entered upon his radical "pantisocratlc" days are Lamh, Godwin, Southey, Humphry Davy, snd the Wedgwood family who provided much needed financial under-pinning of his career in the form of a regular annuity.

in this rich book Holmes has done full justice to his hero and we look forward avidly to part two.

COLERIDGE EARLY VISIONS
by Richard Holmes
Hodder & Stoughton ££16.95, 409 pages

Journey up the ladder to the moon

Storytellers are all set to climb a few fairytale rungs, says Jamie Ambrose

TO BEN Haggarty, the purpose of storytelling is the crealion of magic, with each storyteller's magical prowess charted on an Irish concept known as the "ladder to the moon."

Haggarty is the artistic director of the Third International Storytelling Festival which opens today on London's South Bank. "The wonderful thing about this idea," he says Haggarty, himself a teller of traditional tales, "is that you can't get to the top of the ladder without putting your foot on every single rung."

Personal anecdotes lie on the first rung. Next come the jokes, followed by stories of wit and trickery, tales of the supernatural and fairytales. At the upper reaches of the ladder are epics and ancient myths; and on the top rung of all, the legends of creation.

Tales from practically every rung make up this year's festival, which hosts storytellers from sucb diverse traditions as *katiajjaq* (Inuit throat-singing) and the highly evolved Indian Pandvani epic form, as well as the more familiar ballads, fairytales, folk-tales and myths associated with the art.

The history of the biennial festival is also one of ladder-like progression: in this case, a ladder to public awareness. Its first venue was the Battersea Arts Centre where, in 1985, a small group of storytellers gathered to produce an experimental event. Because no one could predict whether it would attract an sudience, the venture was covered by GLC guarantees against loss. The organisers need not have worried, for the first festival was nearly a sell-out.

Two years later later at Brentford's Watermans Arts Centre all tickets for the storytellers were snapped up. This

American Jay O'Callahan, a professional storyteller who uses non-traditional subjects, and Irish wit Eamonn Kally

snccess prnmpted the Sooth Bank to offer its facilities as the main venue in London for 1989. In addition to the performances there, many of the 41 participants are sppearing in regional venues up and down the country as well.

Whether the size of the present festival will produce tbe proportional sell-out audiences remains to be seen. One fact, however, is certain. The success of the previous storytelling festivals, coupled with the rising number of storytellers found in pubs and arts centres during the last decade points to a revival of British enthusiasm for the art. – the successor, perhaps, of the American storytelling revival which has been growing in strength for the past 20 years.

Since the late 1960s, storytelling in the US has swept the nation, led hy the likes of tellers Laura Simms and Jay O'Callahan, both of whom are appearing at the South Bank. This ancient form of communication and entertainment has even penetrated the glits of American television, although purists contend that stories should be told live – either in living rooms or small theatres, or in the tents of the National Storytelling Center's annual festival in Jonesborough, Tennessee, the largest storytelling festival in the world.

Wherever they are told, what attraction can oral tales offer to the Western world, enmeshed as it is in an era of tnbes, discs, and videotape? Laura Simms, whose material comprises everything from fairytales to stories of contemporary life, has gatbered crowds in the unlikely setting of Manhattan's Exxon Plaza; execntives and secretaries pause out of simple curiosity, but soon Simm's tale of two white birds hss them so eotranced that by tbe end more than a few are wiping tears from their eyes. "What people respond to is the simplicity of it all," Haggarty explains.

Most storytellers would agree with this, hut all are quick to point out a mors important characteristic: storytelling is a shared experience. For when storyteller and audience come together, that story is the prodnct of the union and never exactly replicated, a one off.

"You're not an actor with a rehearsed script," says Haggarty. "There are laws in storytelling, and you have to understand its patterns. But, like jazz and Eastern music, stories are improvised withing a known pattern. You know what the story is and what happens in it, but how it is told depends upon the audience."

What is told, however, depends upon tbe teller. Broadly speaking, a storyteller works within one of two traditions, both of which are in evidence this year at the South Bank. The fireside tradition includes tales originally told in the home around the hearth: more informal material with common human themes. Those who work in the professional tradition – such as Rohin Williamson, wbose work with Celtic myth and legend has been widely acclaimed – are the highly-trained inheritors of the bards and minstrels of history. Yet even professional material varies widely. American Jay O'Callahan is a professional storyteller who uses non-traditional suhjects, such as the effect of a political rally on two adolescent boys, or the coming of age of a young girl in Novia Scotia.

The average medieval bard was paid in food and lodging, hut today's tellers fare better: some earn between $100 and $750 a day in the US, although fees in Britain are considerably lower. Lest potential British hards be lured to America, however, there are problems. Audiences at the last few Jonesborough storytelling festivals have noticed a dearth of traditional tales, due in part to tbe recent Ststeside development of copyrighting material.

Most proponents of the art would argue that the practice of copyright goes against the very nature of storytelling, which has survived over the centuries only because tales have been passed on from one teller to another. In addition to the copyright problem, the US revival has suffered at the hands of another modern-day demou: over-commercialisation. Large audiences at some venues have forced storytellers to use amplification, thus adulterating the purity of the telling.

In France, too, where storytelling has been gaining popularity since the late 1970s, admiration for the art sometimcs reaps unhappy consequences. As Peter Brook, wbo recently worked with French storyteller Ahbi Patrix on *The Mahabhorata*, explains, "When you do storytelliog, unfortunately you're likely to be surrounded hy enthuslasts in whimsy."

Fortunately for the UK, the prohlem of over-popularity is somewhat safeguarded hy that mainstay of British storytellers, tbe British puh, which automatically limits the audience size and creates wbat many practitioners of the art consider to be the "proper" atmosphere.

Whimsical or not, tonight's Gala Evening at the Queen Elizabeth Hall features a smorgasbord for lovers of a good yarn, a selection of tellers which typifies the scope of this year's festival. Jamaican street cries from "Miss Lou" Bennett; English dialect tales from Jim Eldon; Lushootseed legends from Washington-State Vi Hilbert; the traditional Irish wit of Eamonn Kelly . . . all promise an evening of special entertainment, a taste of that wonderful interplay between humour and earnestness which, as Ben Haggarty says, "makes magic possible."

■ Details of London events: 01-928-8000; regional: 01-585-3075

Antiquarian Books

Hofer's bequest to Harvard

EVERY BOOK lover with a few days to spend in New York will find time for a visit to the Grolier Clnb. There is nearly always a special exhibition in its specially-designed gallery in tbe elegant Georgian style premises at No 47 East 60th St between Madison and Park. Admission is always free.

The club was established in 1884 at a time when the US first realised that it had become one of the great nations of the modern world. The nine founders, whose portraits line the walls, shared a common interest in books, not only for their literary content but as ohjects of beanty in their own right.

Taking the name from the famous scholar and patron of the French Renaissance the founders aimed to encourage research into the art of the book. Over the years the club has since organised 600 exhibitions and financed many publications. The reference library, which now has 70,000 items, is open by appointment to anyone with an interest.

Every book of Grolier's library proclaimed on the binding that it belonged to Jean Grolier and his friends. Tbe Grolier Club is also devoted to good fellowship, with regular meetings and opportunities for talk. At present there are 650 members, each one individually recommended. Residents of New York pay $600 as entrance fee and $600 annual subscription. For others the dues are exactly half.

The cnrrent exhibition which contains a selection from the bequest of the late Philip Hofer to Harvard University is a tribute to a remarkable man. Some 500 books are on show selected from s total of more than 5,000. Nearly all exemplify some aspect of the art of illustration. They range from a 12th century manuscript of the Venerable Bede, in its original binding, to examples of fine contemporary typography. You can see Dürer's amazing woodcut of the Four Horsemen of the Apocalypse, 1498, surely the best frontispiece any book has ever carried, and a fine proof of Blake's "Jerusalem" from *The Visions of the Daughters of Albion* 1793. If you have ever wondered how Thomas Bewick achieved his effects, the collection contains one of his original wood blocks.

Philip Hofer attended tbe Harvard Business School. He worked for a few years in the coal industry in Cleveland. Helped by a small loan from his mother, and a tip from a friend, he started to speculate on the stock market. In the rapidly rising market before the crash of 1929 it was not difficult to build a fortune if you had money to start with, and Hofer got out in time. As a young man he was soon as rich as his father.

His wealth enabled him to give np business and turn to the fine arts. For a time he served at the New York Public Library and at the Morgan, before returning to Harvard in 1938 st the age of 40. He was to remain there until his retirement in 1968 and was closely associated with the Houghton Library until his death in 1984.

His lnck in the financial markets did not desert him in the sale room.

in the post war years Europe was a gigantic bargain basement for American collectors. Hofer always had an eye for what he wanted and a nose for where he could find it. His pursuit of the papers of Thomas Frognall Dibden, the 18th century hibliophile, took him to the country house of Earl Spencer, the grumpy grandfather of Princess Diana. Hofer loved to tell bow he and William Jackson found themselves accidentally locked in a second floor room and were so afraid to disturb their host that they climbed out of the window down the drainpipe.

At Harvard Hofer founded the first American lihrary department devoted to the art and history of the book. For 50 years his dspartmental and personal collection were in practice indistinguishable. He is believed to have donsted almost 25,000 volumes including 1000 manuscripts. In 1959 alons he told Jackson "to my horror I computed yesterday that I gave to the library this year in money and books over $54,000."

■ *The exhibition is open* 10am-5pm Monday to Saturday until November 26. A full catalogue which may be ordered by post is available for $32.50.

William St Clair

TRAVEL

My desert is waiting. (And so is the hotel drummer)

Day 1: "Psst . . !" says a voice from behind a tree. "You wanna good guide? You wanna explanation?"

"Psst . . !" says a second voice from behind a mound of masonry. "You wanna buy old coins?"

I am at Carthage, where voices speak to yon like zephyrs in an olive grove – uudging you and hustling you, though uot so insisteutly as to make you cross.

As piles of old rubble go, Carthage is ooe of the sorriest because wben Scipio bashed Cartbage, Scipio bashed Carthage. He also salted it. It is now essentially a suburb, a few miles from Tunis, witb bourgeois villas dotted obsequiously around the presidential palace, which is set on a hill.

Tunisia's former president, Habib Bourguiba, once said tbat if the country ever struck oil in significant quantities be would remove all the villas and that Carthage would be restored. But Boorguiba has gone now, just like Carthage.

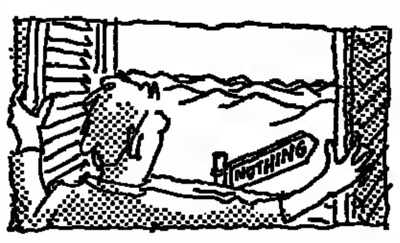
Tunis is another matter: a fun sort of place witb boulevards and cafes, shrines and *suqs* and an atmosphere of cultured permissiveness that I ascribe – I could be entirely wrong – to Tunisia's history of invasions and assimilation: Phoenician, Roman, Vandal, Byzantine, Arab, Spanish, Turkisb, French.

After Carthage I visit Sidi Bou Said, a living postcard, whicb has cobbled streets and fussily whitewasbed houses witb studded blue doors. It is too pretty for words.

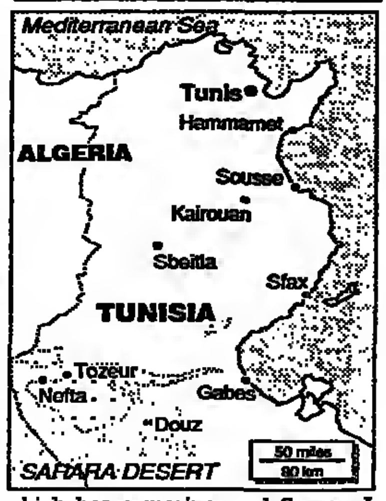
Days 2/3: I am a bit miffed to realise that I am speeding two days progressing from one bland tourist hotel to another and that my itinerary for tbese 48 hours is based almost exclusively on "forts, *suqs*, museums, etc."

At a luncb in London I had explained to tbe tourist people that I am a bit of a wild boy, a *bedu*, a taleoted and resourceful traveller who is most at bome in the Empty Quarter or in obscure mountain ranges, a person wbo can cope with deprivation, scorpions and killer penguins with remarkable *sang froid*.

Yet tourist boards uever listen to a word you say. They take the view that if they have beeu showing journalists "forts, *suqs*, museums, etc" for bundreds of years theu that is good eoough for you. This is wby I am visiting such well-known spots as Hammamet, Port el Kantaoui,



Travels with ***Michael Thompson-Noel***



which has a marina, and Sousse. I wouldn't knock tbem, mind you. They are what they are.

The Hotel Diar el Andalouse at Port el Kantaoui, for example, is typically large, friendly and unremarkable. Its guest list seems to contain an over-supply of mature women with yellow hair and voluptuous bosoms sitting around topless. One cannot be too careful. Not for the first time, it occurs to me that there is a class of person that is permanently ou holiday.

The guest list also contains more than its fair qnota of aggressively rude Germans, two of wbom drive me away from my chair near the swimming pool, where I sit quietly reading, at 8.30 in the morning, claiming to have reserved two chairs plus a table – also possibly the golf course and half-a-mile of coast – at an even earlier hour. Talk about rudeuess. What a scandal it has become. Hotel managements seem scared of the Germans.

Sousse is atmospheric and prosperous-looking, with a great deal of building work in progress on its outskirts – testimony, no doubt, to the vitality of Tunisian tourism; or something.

And I bave a soft spot for Monastir, a sbort way down the coast. Many moons ago I visited Monastir on a Thomson package holiday. I was accompanied by a female with whom I was having an unstructured relationship. One night there was a disco with an energetic and hirsute rock band. When I knocked on her door the next morning, she was in bed witb the drummer. I told her: "I am a much better drummer than he is." "I can well believe that you are," replied Miss Worcester Sauce.

Day 4: We are driving westward to Kairouan, passing countless fields of olive trees ontil we strike bare, flat land with a range of hills beyond. It rained heavily in the night. Water lies in sheets. A river falls across the road.

My driver is a cheerful sort who steers down the middle of the road and does not let anyone pass. Like most Third World drivers, he believes that driving a car is no fun at all at anything less than 140 kph. I particularly enjoy it when he takes both hands off the wheel to look for his cassette tape, a medley of Arab hits of which he is inordinately fond.

Kairouan is fairly jolly. Its great mosque is tbe oldest and most revered in Africa and has a "forest of columns," some of whicb you must squeeze between if you are not to be judged too fat for paradise.

We lunch at the Hotel les Aghlabites, a dire establishment which probably survives on feeding coachloads of tourists a set and burried luncb (*salade de tomate, couscous au poulet, coupe de grenade* – that sort of thing). The waiters bicker at each other while ladling mounds of couscous ou to your plate. But the menu cheers me up. *"Et pour animer les journées kairouanaises," it says, "l'hôtel propose les jeux de pétanque, ping-pong et organise des déjeuners-méchoui, sous tente, avec fantasia."*

Now we head back to the coast, stopping at El-Jem. Its Roman amphitheatre, heavily restored, is a most impressive ruin. We also stop at Sfax, Tunisia's second largest city, which has been called a "Mediterranean Coventry" because of its industriousness.

It has heen prosperous since ancient times: olives, cereals, cloth, fruit, fish, perfume, widgets. On the outskirts of town we see a large chemicals factory belching plumes of smoke. "Phosphate!" cries the driver resonantly. I tell him that I do not know what phosphate is. I have never seen any phosphate, and hope I never do.

We spend the night at Gabes, in a hotel that reeks of disinfectant.

Day 5: My spirits lift at last hecause we are driving almost due westward along the northernmost fringes of the Sahara. Until we reach the true Sahara, at Douz, we see a few scattered olive trees clinging to the rocky soil, plus shepherds and goatherds leading their flocks. Douz is the scene of the late-January Festival du Sahara: camel parades, races, lectures and general Beduin jollity. It also has a toy fort complete with toy soldiers.

On our way from Douz to Nefta we stop at Tozeur, a town I greatly like. At a sidewalk cafe I watch the passing trade and hand my cigarettes round. I buy some dates. The price is the same as Tesco's. A horse with a bleeding back is dragged along the road. A man hits a donkey with an almighty thwack. I concentrate on that man's head to see if I can vaporise him, but the spell does not work.

The oasis at Tozeur extends to 2,590 acres fed by some 200 springs, the water being distributed in a manner specified in the 1270s by Ibn Chabbat. After driving through the oasis we come upon the splendidly-named "Zoo of the Sahara and Paradise Gardens." It is one of the cleanest and best presented small zoos I have ever seen.

It has a pair of Atlas lions and a two-month-old lion cub, an Atlas baboon ("very dangerous" says the frivolous youth who is showing me round), an alarming hyena ("also very dangerous"), jackals, ibex, gazelle, sand and desert foxes, mountain goats, camels, an irascible porcupine which bristles and fumes when the youth jumps into its pit and clomps it, snakes, vipers, scorpions.

The youth waves a scorpion in my face. "Eez plastic," he lies. I am in two minds whether to clout him, but he is holding a scorpion. When we enter the gardens he sings "Theez way to para-dize," and shuffles his feet in the sand.

Day 6: I like a good desert. To be frank, I can see no contradiction in liking deserts that have a luxury hotel conveniently to hand, for what could be finer than the solitariness, emptiness and nothingness of the desert on one hand, and ou the other hand the somethingness of a swimming pool, tennis courts, flower gardens, air-conditioning and a functioning chef?

* I know of two such hotels, at least: the Hatta Fort Hotel, at the foot of the Hajjar mountains in Dubai, and the Furnace Creek Inn Resort in Death Valley, California. In Tunisia there is a fairly nice hotel at Douz, the Mehari, while at Nefta there is a better one, the Sahara Palace. The terraced slopes of Nefta, topped by domed marabouts (shrines) and descending to palm groves, are regarded by some as the loveliest of Tunisia's oasis landscapes.

My last stop is Sbeitla, whose Roman ruins glow like honeycomb as the sun drops behind the dunes. Night falls. Dogs howl. Stars are flung across the sky like spattered milk. I am reading David Lodge's novel, *Nice Work*, in which a foreign exchange dealer called Debbie is showing some friends a gadget that informs her of the state of all principal currencies 24 hours a day, but which only works within a 50-mile radius of London.

"I get ever so nervy when I'm outside of the range," says Debbie – reminding me that I must catch a plane.

■ **Details: Tunisian National Tourist Office, 7a Stafford St, London W1 (Tel: 01-499-2234).**

Donkey work: a hard day's graft in Testour, northern Tunisia

Sonora's dust and shrimps

A BARREN, hostile desert dominates most of southern Arizona aud sprawls irresistibly across the border into the Souora region of north west Mexico. With its searing beat and blinding brightness, its fascination lies in the motives of anyone who chooses to make a bome there.

On the three-bour drive south from Phoenix to the border, my companion and I stopped briefly for a Coke in the little truck-stop town of Why. Why is the sort of place you only ever read about in the *National Enquirer*: a place wbere the military conducts top secret experimeuts and stray civilians are reportedly carried away at night by UFOs.

At Lukeville, crossing the border into Mexico involves slowing tbe car at a check-point and being waved on by bored officials. Once on the other side, the scenery remains scorched and dusty, but there is a sudden and unmistakable change in human tempo.

The road is ravaged by pot-holes. Hand-painted signs hung on low-built wooden shacks advertise burritos, beer and fireworks. Small children and mongrel dogs dart blindly across the street in front of passing cars.

Some 1½ hours later we were approaching the port of Puerto Penasco, or Rocky Point to most Yankee visitors. Located on the north east shore of the Gulf of California, it is a bustling fishing town which has become a weekend retreat for increasing uumbers of Arizonans. Modest condominiums, beach hnts and a few bars have sprouted along sandy beaches on either side of the rocky headland and in uearby Cholla Bay.

Puerto Penasco has not been required to make the full couversion from local port to tourist resort because it is only really accessible from the US by a fairly gruelling drive. Although often crowded at weekeuds and public holidays, it remains relatively peaceful during the week. Pitching our tent ou a deserted beach two miles from the town, the memory of the sweaty journey soou evaporated.

Shrimp boats headed towards the borizon seemingly drawn along on an invisible chain beneath the sea. Dusk brought with it two young Mexican boys, aged about nine or ten, selling wood and fireworks. We purchased enough dry wood to keep a fire going for a couple of nights, but decided against playing Mexican roulette with what could accurately be described as home-made explosives.

The tide was retreating as darkness fell, leaving behind a large shelf of rock with shallow pools covering its cratered surface. Each rock pool teemed with life. Finally the lantern revealed channels in the rock which led to the sandy bottom of the gulf. Here a sudden cloud of silt signalled movement; a sting-ray, about a foot in diameter, skimmed out and disappeared into the swirling waves. Overhead, the night sky beld a star at every point. On the black horizon yellow lights from fishing boats twinkled faintly.

The following morning we drove into town. Every other car and truck we passed defied the laws of mechanical engineering. Often they were without windows, wings or hoods – vintage Chevrolets and Buicks resembling grown-up go-karts.

At the fish market by the harbour, visitors are besieged by eager young men calling out "jumbos, jumbos." Giant blue shrimp (4 or 5 ins long) lay on wooden counters and in crates of ice ready. Not surprisingly, the price of everything in the market more than doubles at the weekend when residents of Tucson drive down to Rocky Point to stock up their freezers.

Back at our camp, we boiled the shrimp until they turned pink and proceeded to stuff ourselves. It was hard to imagine a more perfect meal.

For visitors who would prefer not to camp on the beach, the town has several medium-sized and well-equipped hotels. The best of these is the Vina del Mar – twin-bedrooms from $50 (£31.25) a night – which has a terrace and poolside bar overlooking the Gulf.

Although Sonora is never likely to become a fashionable region for central American adventurers, Puerto Penasco is worth keeping in mind if you don't mind a dusty drive and enjoy the taste of fresh shrimp.

On our return across the border, the US immigration officials at Lukeville were so lethargic that just the sight of an Arizona uumber plate was enough to let us through without a customs inspection or passport check. So much for the US euthorities' "war" on drugs and illegal aliens.

Chris Hasson

A bedroom in Bantry

It could be Florence, if it wasn't Cork. But it's definitely very Irish, says ***Kieran Cooke***

"ARE YOU decent?" asked the soprano. "Nearly," said I. But she was uot knocking ou my door.

The Kinsale Trio was playing at Bantry House. "Melodies for You. Selections from Strauss, Leharr and Wagner." The soprano was beautiful bot probably already spoken for by the double bass player in the next room. I would forego the musical evening. Instead, on this blue-pink-skied evening, I'd take a walk round the gardens.

Bantry is ou the coast of West Cork, just about as far to the south as you can go in Ireland. It has one of the best deep water harbours in the world, some of the best mussel breeding grounds in Europe, a main street wbere there are more pubs than shops . . . and Bantry House. "It commands a fine view of tbe bey and contains a few paintings of interest . . ." says the guide book. Patronising piffle.

Bantry House is one of those gems that one occasionally stumbles across in Ireland, a great Italianiate pile complete with gardens full of urns and gurgling statues and continental plants and shrubs, coaxed into growth by the Gulf Stream whicb throws a warm arm round the waters of the bay below.

It could be Florence. Was that Harold Actou sboving back a bowl of porridge in the breakfast room? Would Willy Maugham be popping over from Antibes? The whole place certainly inspires flights of fancy. Egerton Shelswell-White is the present owner of Bantry House. The house guide book says he had once been a farmer in Alabama, light years away from Bantry.

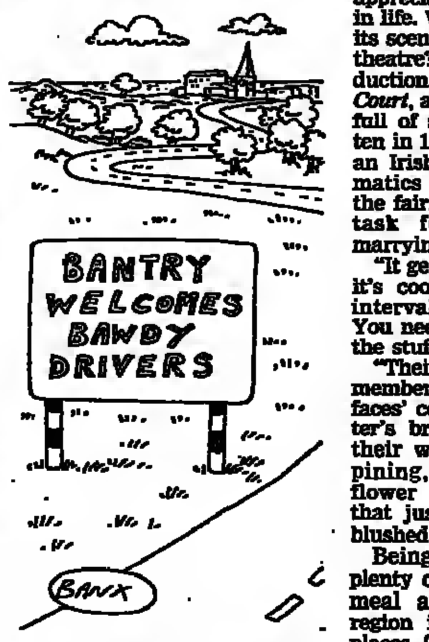
Shelswell-White is a modest man in blue suede shoes, cradling a teacup with no handle. His family has been in residence for the last 250 years. "Now we've opened two wings to bed and breakfast guests. I'm sorry I did not greet you last nigbt. I hope you were comfortable."

Comfortable? The bed was fit for me and most of the relations, the room big enough to accommodate tbe All Ireland Final. I was suffocating in luxury. One of Shelswell-White's ancestor's had played a big part in putting a halt to Frencb ideas of liberating Ireland when, in 1796, the French fleet had parked itself in the bay.

A local man had been sent to sell the Freuch fresh food. "How many troops are ashore?" the French had asked. "Oh, at least 20,000," said the merchant. "And the British fleet is just round the corner." In fact there were only 600 troops ashore and the British fleet was still pottering about in Portsmouth.

The French, sea-sick after gales on the way across from France, left. So the tide of history turned. That is the story anyway. The path to my Bantry House bedroom was straight throngh a wall. A secret door in the library, no less. All most confusing at 1am.

But then travelling in these parts can be a little peculiar. I



had uot seen the waitress in the "Oyster Tavern" in Cork city for 10 years. "I'll have a pint of Murphys (the local stout)," I had said a decade ago. "You will not," she had said. "You look terrible and on a day like this with the wind whipping round you'll have a hot whiskey."

This time, as I entered the bar, I trod on a poor woman's foot. "You again!" said the same waitress.

The nun was still in the corner noisily enjoying the ice cream, there were still enough floury potatoes on plates to fill the most cavernous of stomachs, the windows were still fugged by the steam of satisfied eating.

Outside, the good people of Cork weut about their business. The city has a 1950s feel about it. Lots of brass plates on doorways. Tiled butcher's shops and the smell of coffee roasting. On the main street the signs and stores have solid, old fashioued names like "Cash's" and "Woodford Bourne." "The Venice of Ireland" is what they used to call Cork. It still has its so called "merchant prince" families who wield considerahle influence. Cork people are different. They talk in sing-song accents, as if they are being tickled in the bath while drinking champagne.

Dubliners think Corkians are provincial and stuck up. The people of Cork dismiss Dubliners as uncultured, with no appreciation of the good things in life. What of Cork's harbour, its scenery, its opera house, its theatre? I went to a little production. It was called *Midnight Court*, a Chaucerian style romp full of sex and ribaldry. Written in 1780 by Brian Merriman, an Irish farmer and a mathematics teacher, the play has the fairies taking Irish men to task for uot doing more marrying.

"It gets very warm in here so it's cooler in the bar at the interval," said the manager. You needed to cool down from the stuff on stage.

"Their size, their looks, their members, their fairness, Their faces' complexion, their laughter's brightness, their bodies, their waists, tbeir rear ends pining, freshness, beauty, flower and yonth . . ." And that just about the priests. I blushed my way out.

Being Ireland, there was plenty of time to squeeze in a meal afterwards. The Cork region is full of good eating places. There were priests at a table in the Arbutus Lodge, one of the country's best restaurants. More bawdiness. Between courses, a holy hand was doing up the back of a lady's dress, buttons no doubt burst asunder at the approach of the sweets trolley. She reddened greatly. He took it in his clerical stride. A man quietly dozed at another table. The food was very good, the wine better.

On the train back to Dublin I sat opposite Samnel Beckett. But that is another story, and probably – like the soprano – a bit of a flight of fancy.

■ *Bantry House, Bantry, County Cork (tel: 027-50047). The Oyster Tavern, Market Lane, Cork (tel: 021-272716). Arbutus Lodge Hotel, Montenotte, County Cork (tel: 021-501237).*

COLLECTING

A chance to master the Masters

IN MANY areas of the art market the dealers have taken a drubbing from the auction houses, which, through their well-oiled marketing machines, have managed to convince both buyers and sellers of works of art that they are the best people to do business with. Now the dealers are fighting back, especially in the field of Old Masters.

In the next few weeks, important exhibitions of Old Master paintings, drawings and sculpture will be held in London by the long-established Colnaghi and Agnew, and, above all, by the much more recent Harari & Johns. The latter is offering for sale 55 top-quality paintings which span the ages from 13th century gold ground Italian to Turner, at 12 Duke Street from November 16. Indeed, so good and comprehensive is the group that Derek Johns has alerted the Japanese (until now largely immune to the appeal of Old Masters) and pointed out that here is the basis of an excellent instant mnseum collection: yours for $28m.

Demand for Old Masters has increased rapidly in recent months. For example, at Sotheby's last major sale a Jan de Beer "Adoration", which had been left unsold at £85,000 in 1984, went for £407,000, while a Canaletto, often the first Old Master choice for former Impressionist collectors, made a record £968,000, six times its estimate.

This revival is partly because Master paintings seem so ridiculously cheap compared with the over-inflated Impressionists and Moderns – the $5m paid for yet another Renoir portrait of a fat-faced girl would buy a representative group of 10 important Old Masters; and partly because a few major Impressionist collectors have switched their taste to the past.

Derek Johns has a not-untypical client who has taken advantage of the current craze for Picasso to cash in a picture by him, pocketing half the profit and using some of the rest to buy a gold ground painting of a Saint by the 14th century Florentine Bernardo Daddi, who has suddenly become an £800,000 artist.

Gold ground paintings are still particularly cheap, believes Johns. (A Gaddi should cost less than £100,000). Their religious subject matter is outside the emotional response of many potential buyers, and there are the usual quibbles over condition and attribution. But in terms of painterly quality, the current prices are ridiculously low.

Another expert, Julian Stock (Sotheby's), plumps for 18th century French portraits as providing some of the best bargains. Other dealers point to 16th and 17th century Italian; to later religious paintings; in fact, to virtually every sector of this market. Even the most sought-after pictures, Dutch still-lifes of the 17th century, interior decorators' pictures par excellence, seldom go above £250,000, the price of a second division Impressionist.

Although the dealers in Old Masters are the best customers of the salerooms, and sometimes use them to dispose of pictures that have grown stale in their shops, there is little love lost between them. Johns sees Sotheby's and Christie's as wholesalers while the dealers are retailers, offering clients good advice and a complete after-sales service. "All the great collections have been built up on the advice of a dealer, the eye of one man," he maintains.

"The Dance of the Seasons" by Claude, on copper, rediscovered in Sweden, and on offer for $2m at the Harari and Johns exhibition

Johns was once head of Old Masters at Sotheby's, and he compares the pressure of work there, running a large department, coping with a constant pressure of sales, attending to hopeful (and hopeless) visitors clutching their "Old Masters", attending meetings, with his untramelled existence as a dealer, scanning the world for hidden masterpieces.

His speciality is discoveries. His exhibition includes an important lost Claude, "The Dance of the Seasons", painted on copper around 1660, possibly for Queen Christina of Sweden, and priced at $2m, as well as a double-portrait by Van Dyck of the 1st Lord Belhaven and his wife, which had been missing from view for a century, and is costed at just $475,000.

Each week Johns goes to the bargain basement Old Master sales of Christie's South Kensington, Bonhams, and Phillips, looking for wrongly-catalogued gems. Sometimes it is a case of proving that a painting "attributed to" a good name is actually in the hand of the Master. In his, show a painting of a church interior by Saenredam, the 17th century Dutch artist, fell into this category.

Julien Stock acknowledges the skill of the dealers in seeking out sleepers. "We do not guarantee our attributions," he points out. So great is the saleroom throughput that sometimes a painting is catalogued about 90 per cent correctly: the number of out-and-out bloomers is few. The attraction of the salerooms for the well-informed collector is that discoveries can be made. Stock himself bought what he believes to be a painting by Fra Bartolommeo of the death of St Antonius for less than £6,000 at Christie's in New York earlier this year.

New collectors will have a wide choice of very fine paintings, most of which carry estimates well under £100,000, at all the major salerooms

Harari and Johns does not own all the paintings in the exhibition: some are on consignment from their owners, with the dealers taking 10 per cent from a sale. But this is no way to make money. The constant problem for dealers when they hold a successful exhibition is that they must then go oot and buy new stock, invariably at higher prices. Johns acquires few works through the saleroom, but will doubtless be observing the auctions coming np in London, New York, Amsterdam and Monaco over the next two months.

There is nothing comparable to the Pontormo which Christie's sold in New York in May for £22.7m, a record for an Old Master and confirmation of the new interest, but many interesting items have been lured out by the rising prices. The "hot" artist seems to he Guardi. Sotheby's sold a pair of his Venetian views for a record £2.98m two weeks ago, and in Monaco on December 1 has what is reckoned to be his finest work, another view of Venice, with an estimate rising to $9m.

The highlight of the season is two sketches of drapery by Leonardo which Sotheby's is also selling in Monaco. They are tiny wash studies on linen which Leonardo threw off when he was still a teenager. But their rarity, and the Leonardo name, bestows upon them estimates of up to $6m each. It is indisputable that top works by the greatest Old Masters – Leonardo, Michelangelo, Raphael, Botticelli, Giorgione – never come on the market: they are safely locked away in museums. That is why some connoisseurs avoid this sector; it is Hamlet without the Prince.

But Christie's has a major Rnbens landscape in London on December 8 as well as a newly-discovered Claude. Sotheby's has also just unearthed a Claude in Scotland which carries a very modest estimate (up to £60,000) in its Old Master sale on December 6. In the same auction there are two magnificent Florentine panels of the late 15th century, in brillant condition, as well as good works by van de Capelle and a Murillo, "The Vision of St Francis of Paola", which carries an estimate of up to £1.7m. There is a Japanese buyer of Murillo, the only Japanese on the books of Sotheby's Old Master department. He paid the record £1.7m in New York this year for "The Virgin of the Swaddling Clothes", a painting, which had been unsold at $470,000 in 1981 when Old Masters were out of fashion; he will be the major target for this offering.

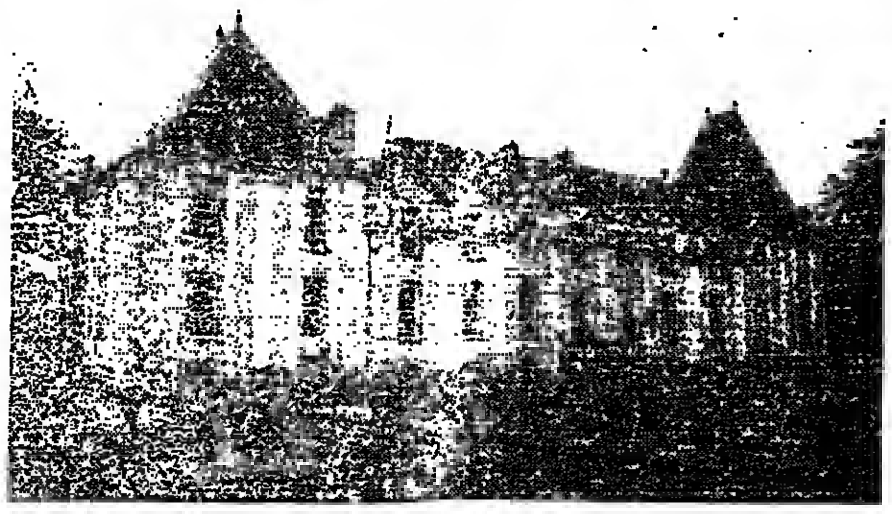
New collectors will have a wide choice of very fine paintings, most of which carry estimates well under £100,000, at all the major salerooma this winter. Worthwhile work can still be acquired for less than £10,000. It does, however, require an eye and knowledge to buy in the salerooms; you have to imagine the painting cleaned, and you forego the luxury of taking time over the purchase . . . perhaps installing it at home for a week or two to see if it can be lived with. Dealers offer such facilities, as well as advice.

Colnaghi's exhibition opened this week and concentrates on the Italian Baroque. There are important works by Cavallino of St Bartholomew with the knife that will send him to Heaven, and by Preti of three female Saints adoring the True Cross. If yoo cannot take such imagery, there are 18th century French paintings which are easier to live with. Agnews show also opened this week and includes some modestly-priced Master drawings.

■ Prices is this article are quoted in dollars because London is just the market place: only one of Harari & Johns pictures came from the UK, and he would be very surprised if any sold to a Briton. Americans and continental Europeans are the main buyers, with the Spanish the most recent enthusiasts, reflecting the strength of their economy. And, after a gap of more than 200 years, there are even Italians buying Italian pictures.

PROPERTY

*The chic and the cheap: **Diana Geddes** reports on the château market in France while **Audrey Powell** looks at the bargain-basement scene*



Château at Grange le Roy, Ile de France. Ffr25m

Château living on the cheap

"THE PRICE of a châteaux in France has gone up by 50 per cent over the past two years, and there's no way that they won't continue to rise in the next few years because they are still so underpriced in comparison with equivalent property in neighbouring countries, or with the price of new construction," says Philip Hawkes of the Paris-based international property consultants of the same name.

"Take, for example, Fontaine L'Abbe, a marvellous early 17th century château with Louis XVI wings. It's in Normandy, about 90 miles from Paris, set in the middle of a charming park and surrounded by 250 acres of land. We sold it to Viscount Wisborne last summer. The asking price was Ffr8m (about £800,000) and that was considered very high by local French standards. But the equivalent house in Wiltshire or Dorset would have cost at least £3m, though admittedly it would probably be in a better state of repair.

"Many of the French châteaux are often fairly run down. Ever since Louis XIV, the aristocracy and the French equivalent of the landed gentry have been herded into Versailles and Paris in order to be near the Court, only returning to their country estates for a few weeks a year in the summer; whereas the English aristocracy have traditionally been country-based, with perhaps a small pied-a-terre in London, so their houses are generally much better maintained.

"The older generation of French château-owners had little business sense because they were not expected to earn a living. Thus they had little money with which to keep up their houses. But a new generation of successful and prosperous French families is now coming in and are running their châteaux with the same efficiency as their businesses, so they are beginning to be better looked after."

Hawkes points out that a château is a particularly good investment for an affluent Frenchman at present, not least because of the generous tax advantages. Half the cost of repairs, maintenance, improvements and even the local rates are tax deductable. In addition, if you have a listed property – and Philip Hawkes and his wife, Patricia, deal almost exclusively in listed properties, specialising in the 17th and 18th centuries – you can get government grants for repairs and improvements and then deduct the whole of the rest of your cost from your taxable income.

However, by no means all the Hawkes' clients are French. Of the 30 châteaux they sold last year, at prices ranging from £40,000 to £4m, one third were bought by Britons and a further fifth by other foreigners, including Americans, Germans, Swiss, Dutch, and Japanese.

"When you can buy a château with 50 acres of land in the north of France for the price of a village cottage in the south of England, it's not surprising that the British are interested," Hawkes says. "But I don't think 1992 has much to do with it. There have been no obstacles to EC nationals setting up business here since Britain joined the Common Market, and no obstacles to foreigners buying property here since time immemorial."

In France, there is little to choose between the humble farm house and the big château with ten or more bedrooms. The English-style manor house does not really exist. So the chic end of the country property market is fairly small and commissions paid to agents correspondingly high – around 6 per cent, including 1 per cent VAT.

Many of the châteaux which come on to the market do so because of the French law of "indivision," under which parents divide a set amount of their inheritance equally between their children. If you have two children, for example, you have to give them at least one third each. It is rare for a group of children to maintain joint ownership of a big property successfully for long, Patricia Hawkes says, and the sale of the family home, which may have been in the same family for generations, can be traumatic.

"We often have to act like nannies to them," she says. "Sometimes they require a particular type of buyer. They're not usually keen on speculators, for example, and no more are we. Our main interest is to see these houses loved and lived in and used as they used to be – by families. You really have to be passionate about châteaux to buy one, because if you're not in love with your house you won't look after it properly. Having a château of our own gives us an insight into the joys and worries of it all."

She and her husband, a solicitor by training who has a passion for 18th century architecture, bought their own magnificent 18th century château, surrounded by a moat and four 14th century towers, in the heart of Burgundy ten years ago. They have also just moved into almost equally splendid 18th century offices, opposite the presidential Elysee Palace, in the heart of the most fashionable commercial district of Paris. In addition they rent a delightful 18th century pied-a-terre opposite the prime ministerial Matignon headquarters in the Rue de Varenne in the 7th arrondisement, one of the best residential areas in the city.

However, unlike in the country, "chic" in Paris does not usually mean cheap. Prices at the top end of the residential market, having fallen by around 40 per cent when the Socialists first came to power in 1981, have risen steeply over the past couple of years. For example, you can now expect to pay up to £8,000 a square metre in the Rue de Barbet de Jouy, one of the most sought-after streets in the 7th arrondisement.

Whereas the 16th arrondisement has always been known as the residential area for the rich French bourgeois, it is the 6th and 7th arrondisements on the left bank, with their 18th century *hotels particuliers* (individual houses) overlooking quiet inner courtyards and gardens beyond, which are considered the most chic areas in which to live, together with the 16th and 17th century houses on the Ile St Louis in the Seine and parts of the Marais around the Place des Voges on the right bank. Average prices in those kind of areas are around £3,000 to £4,500 per square metre, though much depends on the outlook, the state of repair, and the lack or otherwise of noise.

One Louis XVI *hotel particulier* is currently on the Hawkes' books for £20,000 per square metre, for example, but you could opt for a slightly more reasonable 150 square metre, 18th century flat in the Marais for a total sum of £780,000. Contact Philip Hawkes International Property Consultants, 94 Rue de Faubourg St Honore, 75006 Paris.

Rich pickings at both ends of the scale

TODAY IN France there are two quite different housing markets as far as the British are concerned. Someone has called them the chic and the cheap, which is as good a division as any.

There is the traditional, pricey, top-level market in the south and there is the new bargain-hunting market on the northern fringe, born of the coming Channel tunnel and the realisation that prices were about a third of those in Britain's home countries.

Not for long, though. Prices are rising noticeably along the coast and the trend is spreading out as sellers cash in on their luck. A recent French Chamber of Commerce seminar was told that 2,000 British bought across the Channel in 1987 and 4,000 in 1988. The figure could be 12,000 to 15,000 this year. If you plan to join them, remember that while an old property will surely be the cheapest initially, it could eventually work out dearer than a sensibly-priced new place when essential improvements have been done.

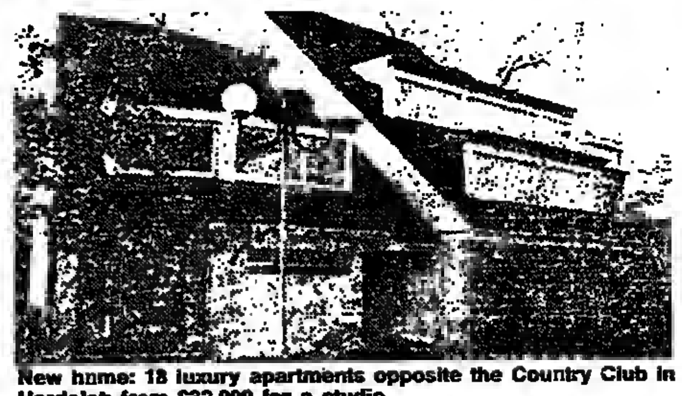
A low-cost home could turn out to be be a town property that is more likely to be depressing than "cheap and cheerful" and could be difficult to resell, at least until a resale market develops among the British themselves. Try and get professional advice before you embark on an ambitious refurbishment job – and remember that, with a lot of the new agencies which offer this type of property, their enthusiasm may be greater than their experience.

London-based Spratley and Co (Tel: 01-930-9803) which has been handling French properties for five years, can offer a compromise. It offers studio flats in Residence Victor Hugo, right in the heart of Boulogne, ten minutes from the tunnel opening. The flats are in an older building on four floors, with lift, but are newly refurbished so there should be no open-ended improvement bill. Prices are from £25,000.

They would be useful for anyone setting up an office in the town, suggests Birgitta Spratley. "Or if you just wish to experience the ambience of *la vraie France* and live as the French do, then the centre of Boulogne is for you, with fruit and vegetable markets lining the streets, flower markets interspersed with the aroma of fresh fish, hustle and bustle on your doorstep . . ."

For someone seeking more relaxed weekends, she feels that Hardelot might have greater appeal – the Edwardian seaside resort near Le Touquet has been developed as a smart leisure village for the French and more recently the British. Here a new project is the Country Club Residence, opposite the club of the same name and close to a golf course, with another to be opened next year. Spratley is offering studios here at £32,000.

Old home: farmhouse and barn with one acre, two miles from Domfront, Normandy: £18,000



New home: 18 luxury apartments opposite the Country Club in Hardelot; from £32,000 for a studio

The company points out that prices in the resort have gone up 6 per cent in the last six months. Mortgages are available at 10 per cent to 11 per cent from French finance houses and soma banks with branches in the UK. Buyers tend to be offered fixed rates for five to 15 years.

However, there are various options. It is perhaps surprising to find a city-orientated agency such as Barnard Marcus (owned by Royal Life) turning up in this field. Barnard Marcus has a new office in Paris which handles commercial property and is just opening one in the Calvados area of Normandy (tel. 010 33 47 35 06 54). From here they will be handling individual properties from Calais to Cherbourg, as well as sites and conversion propositions that might interest developers.

For the private buyer they suggest La Pastourelle, a block of holiday apartments in Benerville-sur-Mer, near Deauville, with one-bedroom flats from £36,000. "In terms of value London cannot compete with these," says the agency's Jack Scott. The company offered some of these at an exhibition in Hong Kong recently and they were "snapped up" by investors.

Barnard Marcus also offers the usual crop of barns at £10,000, which need a fortune spent on them to make them habitable. However, a lot of people are "in the dark ages over prices" on this coast and don't realise how they are rising, says Scott. "They still come looking for a five-bedroom house at £25,000." But he can offer a converted two-bedroom property in a village like Lisieux, 40 miles inland from Deauville, at £20,000. Aware how little time people may have on property-hunting weekends, the agency will be sending applicants detailed questionnaires and hope to give them particulars only of properties that would really suit.

Normandy Cottages is a new London-based company (Tel: 01 229-8866) run by two women with previous experience in the property and insurance worlds. It shows in their brochure, which is full of neatly-arranged information on financing, French law and travel routes. Director Rosemary Bellingham warns that properties near the Channel tunnel entrance are getting very expensive (though who would want to live near all that construction work under a film of grey dust?), so she suggests that you look away from that part of the coast.

South of Abbeville, 30 minutes down the road from Boulogne, for example, prices drop considerably. Bellingham rates this as a good investment area, as it is near the new motorway route across to Rouen. "The whole district will open up and in a couple of years prices will double," she forecasts.

Lower Normandy is still cheaper than the north, and further west to Cherbourg is cheaper still. So, a few suggestions for rural property-seekers from her "cheapie file." A stone property in a quarter of an acre near Coutances, two bedrooms, bathroom, 20 minutes' drive to the sea, is £27,000. A farmhouse and barn in an acre with a stream, 20 miles from Domfront, has a sound structure but is currently uninhabitable. It does however have a lovely view and the barn has potential. The price is £18,500. Or there is a cottage in a pleasant village 22 miles from Domfront, with two bedrooms and attic. It needs a bathroom and central heating, but the roof is in good condition. The price: £16,000.

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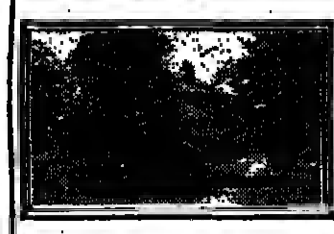

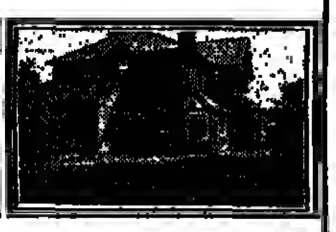

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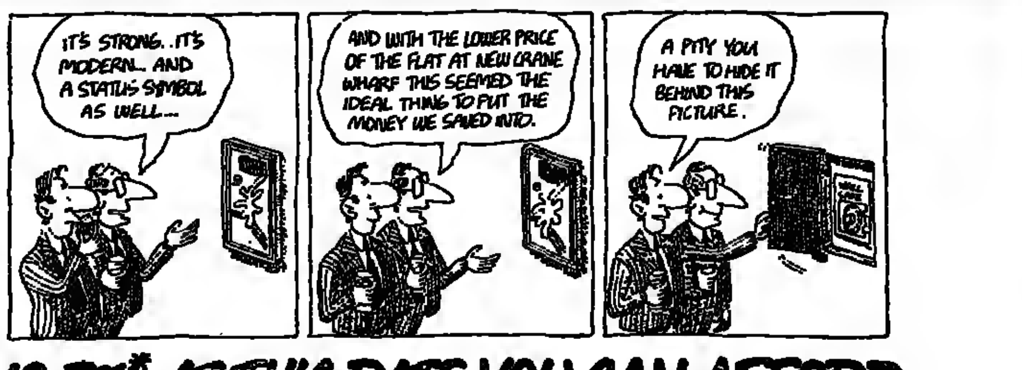

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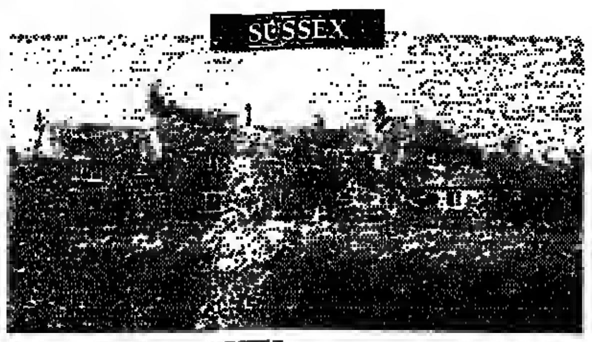

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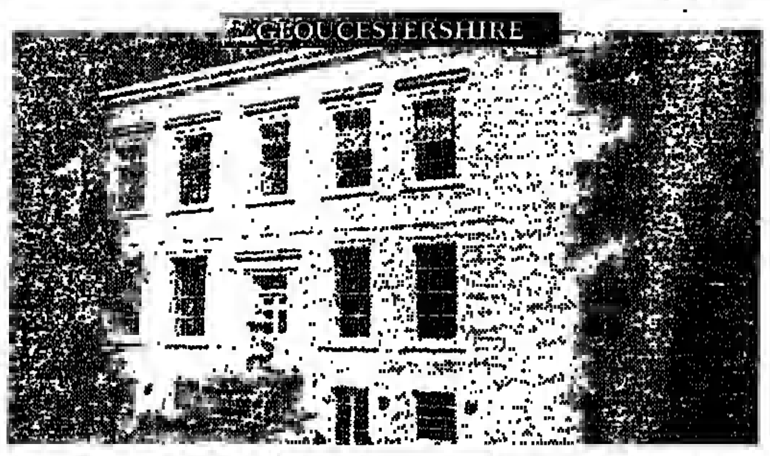

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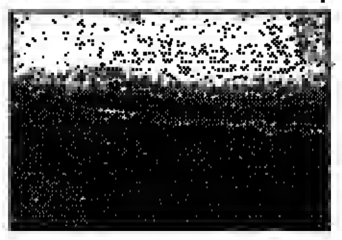
MARYLANDS
·in HURTWOOD·SURREY·



Marylands is situated in a commanding and ethereal position on the slopes of a Surrey hillside between the picturesque villages of Shere and Ewhurst. From the house there are magnificent, far reaching views over the Sussex Weald to the south and south west.

The house was designed by Oliver Hill (1887 - 1968) whose life and work were celebrated in an exhibition at the RIBA earlier this year.

All the main rooms are of spectacular design and materials used inside the house include solid oak for doors and floors, with stone for fireplaces and door arches. Magnificent arched windows lead from the drawing room and the dining room onto the central stone terrace which features a charming pool. On the third side of the terrace is the loggia with graceful arches facing east, south and west.

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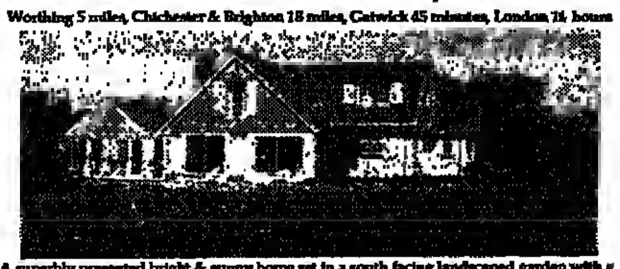

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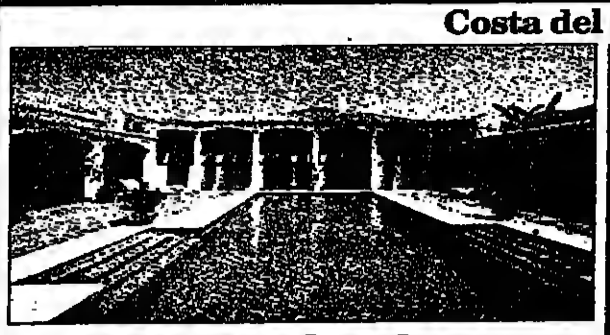

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LONDON PROPERTY

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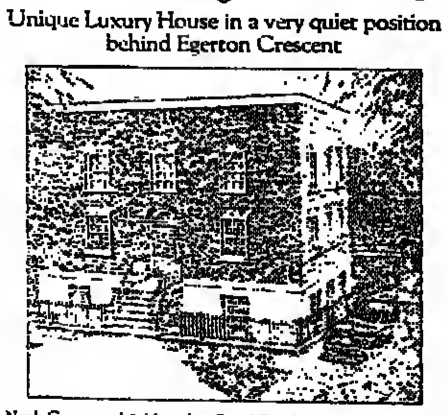

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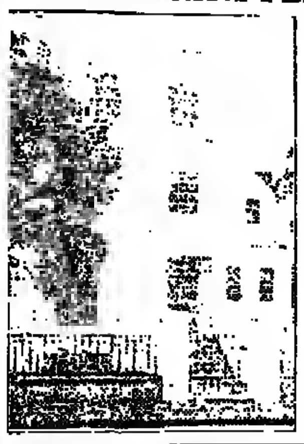

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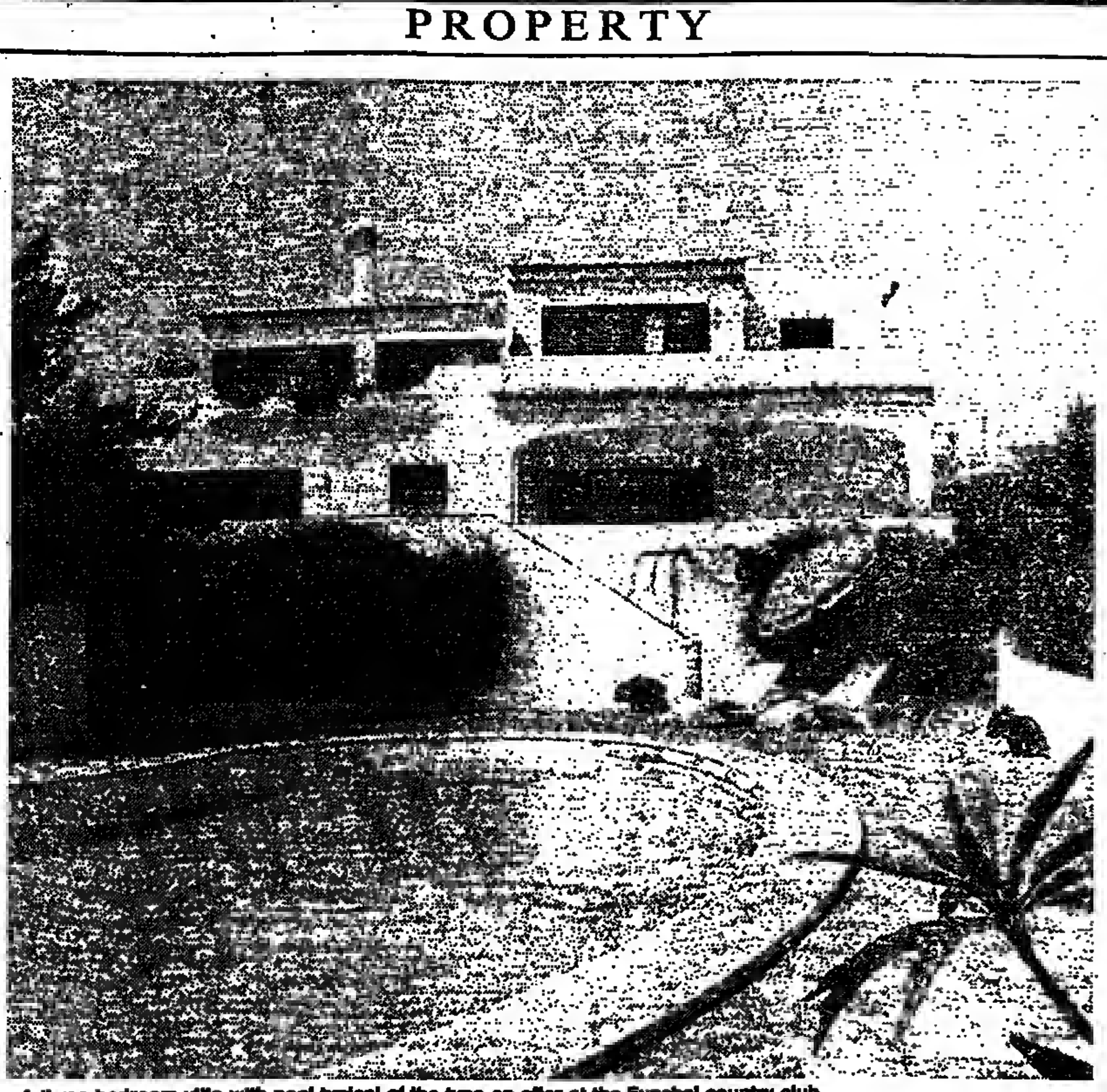
PROPERTY

The unspoilt Algarve

But there's plenty of building in the west, says Audrey Powell



A three-bedroom villa with pool typical of the type on offer at the Funchal country club

WHEN David Symington and John Garveigh began their property partnership on Portugal's Algarve coast 25 years ago, they were selling apartments and villas at £5,500 each. Now, those homes change hands at £50,000. One is on the market at £75,000.

In those days, they recall, the province was little known. Estate agents sold on the merits of its quiet rural roads, its cottages with quaint pepper-pot chimneys, and the clouds of almond blossom in spring. Property brochures were full of fairy-tales about a Portuguese nobleman marrying a princess from the north who missed the snow. He planted the area with almond trees so that one morning, when they all came into blossom, he said: "There is your snow!"

Nobody sells the Algarve on fairy stories now; instead, you get hard facts about the rise in property values. And as for the almond blossom, ever more trees are being ripped up to make way for faster roads.

Symington has long links with Portugal – his grandfather went to Oporto in the wine trade and the family remained. "I went to school on a donkey," he recalls. After more education in the UK and a spell in the City, he arrived in the Algarve as an associate of a London estate agency.

Garveigh, a property man, walked into Symington's office looking for something to buy. They became partners and have worked together ever since. (Garveigh now has personal links with the country, too – he married a Portuguese girl). Their company, Alpart, has always been involved with the western Algarve which, they stress, is still an unspoilt section of the coast.

The old market town of Lagos is 70 minutes' drive from Faro airport with its new terminal – a garish concoction of mustard yellow and red tubes. Unlike many other tourist spots, in Portugal and elsewhere, Lagos has been allowed to keep its character and has probably been improved by its main shopping lanes being paved and turned into pedestrian zones.

There is supposed to be a freeze on new building along the Algarve while development is absorbed and major road works – such as the Portimao by-pass and the expressway being built inland of the original coast road – continue. However, since the municipality of Lagos avoided the over-building of some other coastal towns, and produced a comprehensive development plan and stuck to it, it has been excluded from the freeze.

Alpart has a whole basket of developments with recreational facilities under construction or planned for the Lagos area and beach sites at Praia da Luz and Meia Praia on either side. Prices start at just under £50,000 for a one-bedroom apartment while around £120,000 will buy a three-bedroom villa in half an acre. The company is about to start selling bigger properties in approximately two acres of ground at roughly £350,000.

Some 110 apartments and cottages are to be built beside the beach, at Pinhal de Maia Praia, with pre-construction prices starting at £44,800. There are similar starting prices at the Waterside Village at Praia da Luz. Here a two-bedroom, two-bathroom duplex penthouse is £75,700 (pre-construction).

At the Funchal country club on Funchal Ridge, overlooking the Bay of Lagos, you are told that houses with pools in 2.5-acre plots sold for £25,000 late in the 1960s. Today, they re-sell at £300,000 to £400,000. Only half-acre plots are being offered at the country club but a choice of two- to four-bedroom villas can be built on them. A three-bedroom type, with pool, costs £145,000 including plot.

Symington and Garveigh are strong on pre-construction selling and, obviously, it helps to get money into the coffers early. "Interest rates are terribly high," says Garveigh. "As developers, we pay 22 per cent – and we hardly borrow from the banks at all."

Early buying can benefit the purchaser even in the short term, he points out. There is a considerable increase in value during construction of each project – 35 per cent in one scheme, 45-50 per cent in another.

The partners also are keen on letting, for which they offer a choice of systems. They say about 70 per cent of owners let for some part of the year. Thus, they offer a full management and letting service which includes marketing to tour operators, travel agents and the public. In one development, the return on a two-bedroom flat has risen from £2,400 a year in 1984 to £4,200 in 1988.

One unusual feature of Alpart's operation is that Robin Crosland, its architect, also heads the management company. Generally, when a development is finished the owners never see the architect again. But Crosland is around all the time, ready to hear any criticism and seeing for himself how different ideas are working out.

Some 80 per cent of Alpart's sales are to British and Hong Kong nationals. While 1988 was a record year, this one has been patchy; sales to UK buyers are down by a third. The company now has an agent active in West Germany and is developing a wider overseas market.

Alpart says its typical buyer is aged between 32 and 36, and is married with two children. He chooses an apartment which he uses for five weeks a year. After five to seven years, he sells and decides to build a villa with a pool – which he uses more. It costs him about £120,000.

Just now, the company's re-sale department has something rather special on offer: Turtle Creek, a 7,920 sq ft house completed in 1984 and overlooking the 13th green of Penina golf course. It took 2½ years to build. Inside, there is a circular marble staircase and a first floor drawing room that opens on to a marble paved terrace with a balustraded double external staircase. There are two other reception rooms, a summer room, five bedrooms, three garages and a swimming pool.

Although it has only an acre of its own grounds, the owner points out that it is surrounded by the golf course – which is tended for free. Price: £750,000. All these properties are available through Alpart in Lagos (tel. 63-721) or Hamptons in London (439-8222).

■ ■ ■

The western Algarve is becoming popular. Between Lagos and Praia da Luz is Quinta da Boavista, where Bovis Abroad is now putting in the infrastructure for a 190-acre site development. A green area separates it from the sea.

There are 160 villa plots for sale at around £50,000 each. On these, the company will offer purchasers a range of properties ranging from three-bedroom, two-bathroom villas (building cost £190,000). It finds that using this method keeps capital commitment down. There will also be 120 terrace houses in a landscaped garden setting available from next summer, priced between £95,000 and £110,000.

This development, in the style of a low-density country estate, will have tennis, mini-golf, swimming pool, clubhouse and restaurant while a 175-bedroom hotel is planned. But it is intended to sell this for development by a service investment group. (Details: Bovis Abroad, 127 Sloane Street, London SW1X 9BA. Tel. 225-0411).

Bovis Abroad was formed earlier this year by the Bovis Construction Group to develop its resort interests. It has eight projects, including two others on the Algarve.

■ ■ ■

One way and another, for an area that is supposed to be digesting quietly an over-generous feast of development, the Algarve is not doing much resting. Plans were announced recently to spend £300m on expanding its 1,000-acre Vale do Lobo resort. This will include building a further 1,000 villas over the next 10 years, so doubling the existing number.

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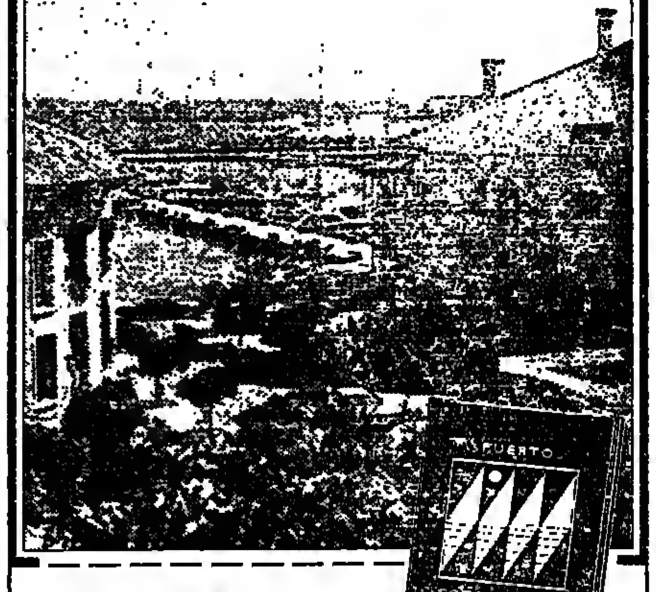

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Sex, drugs and other hedgehog hobbies

Robin Lane Fox tracks down a nocturnal visitor

THROUGHOUT the year, I have been sharing the garden with a third party. I suspect I have now seen the last of him, but he has gone out in style. Last Sunday, he was pinching the apples which had fallen into the long grass: he was plainly guilty because one apple was sticking to his backside. It will soon be too cold for his usual antics at night. He will have retired to bed and I will be left to face the dead borders without my hedgehog to keep me company.

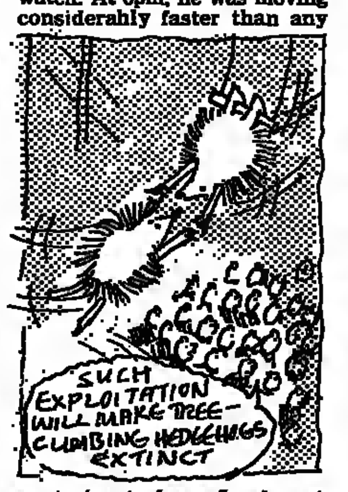
Hedgehogs have a life-style that you might recognise. They come to life from 6pm onwards. Given half e chance, they prefer to go to bed all winter. Four-fifths of their active life is spent in eating and looking for food, and about half of the rest is spent on attempts to charm the opposite sex. They have developed a taste for suburban life and they are remarkably promiscuous. Before you think yon have a male cheuvinist hedgepig in your office, I must insist that there is no truth in the belief that hedgehogs take off their prickles by daylight and mix with humans on equal terms.

In gardens, they have their uses. They will sometimes eat birds' eggs, to the annoyance of gamekeepers, and I once saw a hedgehog which was attacking a farmyard hen. On a normal night, though, they eat slugs and beetles. They consume so many that hedgehogs, when dissected, have been found to contain more than 100 insects from one night's foraging. This year, the slugs have been sliming everywhere and I like to think of my companion gorging himself on their silvery trails by the pale light of a summer moon.

The fruit, I admit, was a surprise diet. I have an ancient book on the animal kingdom which claims that hedgehogs will climb trees. It also claims, like Dr Johnson, that swallows fly together, englobulate themselves into a ball late in the autumn and disappear into a pond in order to pass the winter under water. Tree-climbing hedgehogs sound like a similar long-shot although this book doubts, correctly, that hedgehogs will suck milk from cows.

Often, they sit close to cows because cows attract insects, not least to the cow-pats: the hedgehog's taste for milk is served better by friendly gardeners who leave them a sancer in the evening.

Outside gardens, hedgehog habits remain mysterious. One of the keenest hedgehoggers is Martin Dowie, who has been tracking them by night for four years, using radio equipment. He wrote-up some of his findings in an August issoe of *Country Life*, which coincided with my hedgehog's most active phase. Like Dowie, I timed my companion with a watch. At 6pm, he was moving considerahly faster than any



car trying to leave London at that hour. We agree on about 150 yards a minnte as the speed of a hedgehog in top gear.

Dowie's specimens (not mine) are remarkable wanderers. Hedgehogs have now reached New Zealand, but only because we loosed them there early in the 19th century. In Britain, a country hedgehog likes to wander over as much as 150 acres a year: in Italy, they are reported to need up to 250. On one night, Dowie tracked a determined individual who snuffled over et least 2.34 miles in one night with time for a quick pass at a female who happened to be pregnant.

It seems that, for once, the late Alison Uttley knew what she was talking about. I well remember one of those Little Grey Rabbit books for children which inclnded an encounter with a rogue-ish Wandering Hedgehog. Hedgehogs are, indeed, vagabonds hut it was only Uttley's fancy that they smoke drugs round the bonfire. Her Wandering Hedgehog tried to turn-on Hare (he gave him a wodge of hallucioogenic tobacco and told him to smoke it when Little Grey Rabbit was not looking).

Perhaps this little secret was my hedgehog's, too, hnt he hroke most of the rules of thumb in Dowie's article. For a start, he waddled around happily in daylight, snuffling on the lawn when he was supposed to be in bed. He was not much of a wanderer: about 50 yards seemed enongh for him before he rolled himself up in the dead grass which I had poisoned in spring beneath my pink-flowered Complicate roses. Hedgehogs have very sharp hearing through their little ears, but are said to be short-sighted. My friend always chose the shortest route back to his nesting place, and I find it hard to believe that he had not seen it when he chose it.

I have written as if there was only one companion but, until mid-June, there were two. Keen hedgehoggers helieve that hedgehogs spread out at the rate of one per 25 acres, but my garden is an exception. Quite what happened we will never know, especially as Dowie confirms that hedgehogs are capahle swimmers. One Saturday morning, we found the second hedgehog dead in the water beneath the floating plastic cover of the swimming pool.

Hedgehogs are said to have a keen sense of smell, but the pool was emerging from one of its dark, primeval phases and was reeking of chlorine. Perhaps it was a dare; perhaps there had been a fight; or perhaps the hedgehog was bolder than anyone in our family and risked a swim before the pool was blue. In gardens, ponds are a well-known hazard because hedgehogs jump into them, perhaps to catch insects, and cannot clamber out. Swimming pools are another matter, unless Alison Uttley knew the reason and hallucinating hedgehogs are much commoner than we realise.

Stowe and Biddulph Grange: special claims to a place in England's landscape history

An exercise in political gardening

THE GARDEN at Stowe in Buckingham comprises more than 100 acres of raw nature artfully improved. "The Wonder of Our Days," was the 18th century's epithet. As the most celebrated and influential example of the new "natural" style of gardening initiated by William Kent, it is seen as the birthplace of the landscape garden – one of this country's most original contributions to the visual arts. It is also an unparalleled exercise in political gardening. Modern politicians pen their memoirs; Richard Temple, 1st Viscount Cobham, expressed his manifesto in mortar.

Cobham broke with the government in 1738. Thereafter, his garden, begun on formal lines a decade before by Bridgeman and Vanbrugh, became at once more informal (through the offices of Kent and "Capahility" Brown in creating the poetically named Elysian Fields). Its ornamentation became implicit criticism of the corruption of Walpole and George II.

Temples, monuments and statuary, and their inscriptions, symbolised the ideals of the Whig "Patriots" gronped around Cobham's nephew the elder Pitt, in opposition to Walpole. The quality and profusion of these buildings may be appropriate to a family whose motto is *Templa Quam Dilecta* – how delightful are thy temples – but their rhetoric is a visual equivalent to a satire by Pope.

Opposite Kent's delightful rotnnda, The Temple of Ancient Virtue, for example, was the Temple of Modern Virtue, built as a ruin. Answering Ancient Virtue, is the Temple of British Worthies – Elizabeth I, Bacon, Shakespeare, Newton, Locke, Milton et al – carved by Ryshrack and Scheemakers.

Aesthetics and allusion walk hand in hand for the two buildings reflect one another perfectly in the water between. Elsewhere, King Alfred was set up as e model to George II. Gibbs's Gothic Temple is dedicated to the Liberty of our Saxon Ancestors. And so the pointed juxtapositions continue.

Much of the political and literary allusion would be lost to a modern audience were it not for the numerous 18th century guidebooks, and the rapturous poetry the garden inspired. This Stowe literature has also proved crucial in piecing together the original appearance of the garden.

Amazingly, however, the bones and a great deal of flesh of 18th century Stowe survives unaltered. It is the aim of the National Trust's £1m appeal, launched last week, to add to the £10m already raised to restore the landscape and its 37 listed huildings - which it received from Stowe School this summer - to something approaching their former glory.

One of the greatest problems at Stowe is the natural height of forest trees. Dense massing and over-large trees now dwarf the temples, and secret once-admired glimpses of house or monuments. Woodlands are past their prime. A tree survey is already underway. Meanwhile, one of the first acts of the 15-year restoration plan will be to partly replant the school's second great avenue with limes, oak and beeches.

If funds were forthcoming, the icing on the cake would be the copying of the statuary sold in the great Stowe sales in the 1920s. The whereabouts of the majority of the pieces are known, and include some of the finest sculpture ever produced in England.

For details of the appeal contact the Netional Trust, 36 Queen Anne's Gate, London, SW1H 9AS.

Susan Moore

William Kent's Temple of Ancient Virtue at Stowe

Digging for history

DIGGING means one thing to an archaeologist, another to a gardener. To the Netional Trust it has both meanings, especially in its work to restore the unique High Victorian garden created 140 years ago at Biddulph Grange in Staffordshire. Biddulph is a huge, costly and important task, due to be completed in 1991, which shows that the Trust is well eware of garden archaeology while appreciating that gardens are living, changing things. Gardeners have to be pragmatists.

The Trust uses archaeology to discover precise details of a garden, the general plan of which is known, and to find the plants of the period. But no historic garden is ever solely a musenm piece. Trees grow, some plants no longer exist and neither do the armies of gardeners. So the approach is practical and yet respectful.

Biddulph matters because it was made in splendid style and has had the good fortune to remain unaltered. Since *1923 it has dozed in the* grounds of an orthopaedic hospital. The garden has drifted, vandals have come, the snnken Dahlia Walk has been filled in, but basically the garden survives as e complete and still secret period piece.

In order to seize this opportunity, the National Trust last year waived its usual requirement of an endowment, which the Staffordshire Moorlands District Health Authority was not in e position to give, and launched an £800,000 appeal. While the money is being raised, excavators, huilders and gardeners have got cracking. Today the diggers find out where the tree stumps, drains and border edges were; tomorrow there will be new trees and stonework to replace them. In 1991 Biddulph will be *a new chapter in the story of* the English garden.

James Bateman, heir to an industrial fortune, designed the Italianate pile of Biddulph *Grange and created the garden*, which finally cost so much that he had to sell up. A botanist of international repnte, he specialised in orchids, which became his fascination when he was an undergraduate at Oxford. Even at that early stage he commissioned men to go and search for nrchids them in the Americas.

The garden itself got going in 1849, when Bateman called in Edward Cooke, the artist, to *design it. They brought the* world tn Biddulph, both in garden architecture and in plants. The stumpery leads to China, complete with Chinese *temple and verandah, which* can also be reached through a megalithic tunnel. The Dahlia Walk ascends towards Egypt, represented by a temple court *with stone sphinxes*. The pylons and obelisks of clipped yew capture the chunkiness of Egyptian buildings. Enter the temple portal and the statue of *a monstrous god awaits you* – an ape bathed in ruby light that seems to come from a mysterious world somewhere outside.

If yon turn right as you meet this deity, you reach a twee Cheshire cottage, all black and white timbers, now used as a tea house. Or you *could get there by taking* a long walk through the pinetum, passing the bowling green and the quoit ground and pausing to admire the wel*lingtonia. To reach the pine*tum, you take another Cyclopean tunnel at the end of the rhododendron ground, where more megalithic rocks form an *artificial outcrop in the glade*, crowned with bilberry.

Across a small lake lay the monkey puzzle parterre and the start of the Dahlia Walk. *The walk was found to begin* at a fountain – unknown before – and lead past a two-level border of dahlias set against a backing of yew. *More yew comes down at right* angles to set the gaudy dahlias in dark green boxes.

At the far end of the walk the diggers discovered stairs, also unknown, leading to the Eastern Terrace in front nf Egypt and to the stumpery, which will have to be cunningly restored. It is straight from a dream or fairy tale – e wood of upturned tree stumps, their roots sticking out ready to entangle yon.

The re-awakening of this sleeping beanty of a garden will reveal not only 18th century rolling vistas, but colour and texture planted informally. It is divided into always *unexpected rooms and spaces* – leading straight to William Robinson and Gertrude Jekyll, Sissinghurst and Hidcote. Biddulph's final lesson is simple: *the world really was our oyster* in the mid-19th century. The immigrants of those days were the exotic plants. They came from throughont the *globe to Staffordshire.*

■ *The Biddulph Grange Garden Appeal, The National Trust, Attingham Park, Shrewsbury SY4 4TP.*

Gerald Cadogan

DIVERSIONS

A rather different shade of Green

David Bellamy tells Christian Tyler how market forces can help the environment

Paul Murphy

DAVID BELLAMY is a different shade of Green. He believes in the market. The bounding botanist with the bushy beard, familiar to millions of armchair naturalists, bears the scars of 30 years of campaigning against man'a degradation of the planet. He has been attacked verbally and physically and has even been put in jail.

But now that conservation is legit and he finds himself suddenly on the winning side, Bellamy sees nothing wrong with taking money from businessmen, bankers and property developers if that means a planning gain for nature. He will even sanction the rich man's recreations of pheasant, partridge and grouse shooting (although he abhors fox-hunting) because of the money it puts back into the land.

PLANET EARTH

"The destruction of the world has been market driven," he said in London last week. "I think the solution has got to be market driven too."

The environment is big politics these days. Bellamy, who has never voted in a general election but is probahly a sort of Fabian, thinks that is a big opportunity to persuade companies there is profit in being clean and green. It may be that industry wrecked the environment, hnt only industry has the money to clean it up again.

"We've been trying to roll this ball of concern up a bloody great mountain," he says in his vigorous and distinctively occluded voice. "And now the whole green movement has got it there, there's no earthly good turning round and saying 'Oh, Mrs Thatcher's only doing it for votes' or 'ICI's only doing it for profit,' because they *are* trying to do it."

Dr Bellamy has become quite involved with big business. For example he is chairman of the committee that vets companies for a recently established "green" unit trust run by the Trustee Savings Bank. The portfolio incindes snch unlikely names as BoC Group, British Steel, Hawker Siddeley, Trusthouse Forte and Procter & Gamble. They are all chosen because in one way or another they reduce pollution or save energy.

Bellamy admits there is really no such thing as a green company: that is, no company yon could call "squeaky green". But he thinks conservationists should help nudge them towards that end of the spectrum, not merely stand outside and shout Stop!

After Mrs Thatcher's famous speech on the greening of the Tory Party, Bellamy thinks the conservationists lost "an immense amount of potential clout by not all holding hands together and saying 'we are the experts, come to us for advice. We are not going to give it to you. We'll sell it to you.'"

Bellamy does not give his opinions free. His Conservation Foundation, run from the Royal Geographical Society in Kensington, is paid by names like Pitney Bowes, BP, Ford Motor and the Natwest Bank to advise them on their eco-image.

His consultancy, David Bellamy Associates, is in business to make environmental impact reports. It got into terrible trouble recently when it took on the job of advising a property developer in Hull on how to save tha frogs who were breeding on his building site. Bellamy was accused hy local objectors and civic leaders of selling out to big husiness and trying to make a million for himself.

Is he, then, a millionaire? No. But he agreed after a little prodding that he "makes a very good living". He lives in Durham but, at 56, is still constantly on the road.

The big hotanist lends his name and presence to commercial ventures such as the plastic substitute for tropical hardwoods, or the Birmingham factory that makes fuel and compost out of domestic rubbish, or to bodies like the Co-op for which he has a natural sympathy.

"I'm turning down directorships and all sorts of things. I never thought I'd be so popular."

Actually, David Bellamy thought he would be a ballet dancer. It was a book hy Sir James Jeans, the former Astronomer Royal, called *Science and Music* that revealed the mysteries of musical harmony to him. With his natural athleticism, Bellamy decided ballet dancing was the answer. But he grew too hig.

He went to university and became an academic only after a series of nondescript jobs, mainly, he says, in order to keep up with his wife Rosemary. "She was much better than me". The couple have a son of their own, Rufus, presently working at Kew Gardens and four adopted children, born in England but all of different races: Henrietta, Brighid, Eoghain and Hannah.

Bellamy became a public figure when he was working on marina biology in the area that tha Torrey Canyon went down and made some ontrageous observations in a TV interview with John Craven. He has scarcely been off the screen since.

The doctor is an awkward Green in other ways. He went vegetarian two months ago – not because it is ecologically proper (he explained at length why worldwide vegetarianism would be a catastrophe) hnt because he wanted to lose weight.

Although appalled at the destruction he sees going on around the globe, it is clear he has little time for the idealists. One day, in a perfect world, we might be able to the things they dream of.

"But if we wait until the whole of the wealth-generating machine has killed itself, we will have killed so much of the world that the meek won't have mnch left to inherit.

"The growth industry of the future is re . . . ha . . hilitation." Bellamy spells it ont as if for a TV audience of millions. "We smashed it all up. We can't afford to put it back. So therefore we have got to make the money to pnt it back."

Fight them on the Beeches

THE CITY of London has become the latest recruit to the Nimby (Not In My Back Yard) movement hy joining in local protests against a planning application in rural Buckinghamshire that is due to be decided on Monday. The back yard in this case is a site a few hundred yards from Burnham Beeches, the ancient woodland in south Buckinghamshire that the City Corporation has owned for more than 100 years for the recreation of Londoners.

In spite of earlier protests, Buckinghamshire County Council earmarked the 129-acre site between the woods and Slough Trading Estate as suitable for sand and gravel quarrying. Summerleaze, the company that has been working part of the site for about six years, sought permission 18 months ago to extend its operations and a local campaign against it has been under way ever since. This week, the corporation wrote to all the Buckinghamshire councillors urging them to turn down the application when it comes before the planning committee in Aylesbury on Monday.

Both sides have commissioned expert reports to bolster their case. The City's experts claim that dust from the workings and lorries will clog the leaves and damage the vegetation of Burnham, and that lorry traffic will disturb the recreation of its visitors. They and other protesters also claim there is a pollution threat to water supplies.

Peter Salmon, chairman of the Save the Beeches protest group, thinks there is a north-south divide opening up in Buckinghamshire. Of the 24 quarry sites identified by the county planners, 20 are in the south. Bnt 20 of the 23 members of the planning committee live in the north. "Just because we are near Slough, we are regarded as the dusthin of the county," he said. "No wonder there is a movement to secede from the county council and introduce perestroika to south Bucks."

Summerleaze says it has already bowed to local worries about lorry traffic by reducing its proposed rate of extraction from 150,000 tonnes a year to 100,000. At this level, said William Kirkpatrick, a director of the firm, the venture was "a marginal situation."

C.T.

Despatches/Lampeter

Devil takes the English

LITTER IS seldom a problem in Lampeter. But throughout the past week, the citizens of this small market town in West Wales have had to kick their way through pilas of pamphlets strewn about their streets and pushed throngh their letterhoxes. One of my neighbours – a woman who almost every day sweeps up the leaves shed by loutish autumnal trees outside her door – tells me that these pamphlets have been delivered by the Devil.

The Devil, Lucifer, Old Nick: he comes in many guises, and on this occasion he is masquerading as the Seven-Day Opening Council, and his hellish home turns out to be Llandrindod Wells. He has been trying to persuade the people of Lampeter, who belong to the district of Ceredigion, that Ceredigion's puhs should he permitted to open on Sundays.

For more than a centnry, Sundays in Ceredigion have been dry. Westminster, under pressure from the Welsh non-Conformist lobby, created this weekly desert. By a series of referenda, since 1961, the various districts of Wales have gradually voted to go wet on Sundays. At each referendum, held every seven years, the number in favour of wet Sundays increases. You'd be surprised, says the Devil, how much people can enjoy a wet Sunday.

This is evidently true. On Wednesday, the people of Ceredigion voted again: and at last, the Devil had it. By a short margin (828 votes, to be precise), he has captured Ceredigion.

Considered disinterestedly, the propaganda machine wheeled out hy the Devil was poorly tuned to local sensibilities. The picture used to sell a wet Sunday figured a patently Anglo-Saxon family – hlond, cosmetically happy – sitting at one of the generically hideous tables that pubs instal in their gardens, and feasting on those generically hideous "basket meals" that pubs serve to children and adults alike. But any proper Welshman knows that the puh is no place for the wife and kids. He knows, too, that he can generally get a drink on a Sunday if he wants to: in the entirely congenial surrounds of his snooker, foothall or rughy clnh. And he knows, like the rest of us, that the chances of sitting in the garden to have lunch on any day, let alone Sunday, are minimal in any place that takes punches on the chin from a hullying Atlantic.

Ah, says the Devil, this is all very well but, will you not give others the right to choose to be wet or dry on a Sunday? To which most Welshmen would shrug; bnt others, including my neighbour, would declare that they were fighting for sobriety.

In 1904 there was a great non-Conformist revival, and even the most hardened drunkards became pillars of the Chapel. The relics of that generation are still visible, but vanishing: and it is partly due to their demise that the Devil has had his way in Ceredigion. But the Devil's victory has a wider significance. On Wednesday evening, before the polling stations closed, we were enjoined hy motorised loudspeakers to vote "yes" for wet Sundays.

In a Welsh-speaking part of Wales tha Devil chose to address us in English.

He knew that the culture of the dissenting religion in Wales, especially Congregationalism, has been since the 17th century one of the strongest preservatives of the Welsh language. He knew that the chapel-going Welsh speakers were his opponents: they were the believers in hard seats and soft drinks.

So, cunningly, he spoke not to them in their language: he talked English, in tha cause of a homogenised England and Wales. And the English settlers in Ceredigion came out to vote for wet Sundays. The Devil's victory is a victory for secular society: hnt it is more than that – it robs Wales of Welshness, and Wales cannot afford that loss.

Nigel Spivey

High Street Wine

A confusing variety

WAITROSE, LIKE other supermarket chains in Britain, has a very large list of wines: more than 300 – surely a confusing mumber to all hut the already initiated drinker. For the autumn season they have introduced 46 new wines, of which 11 are more recent vintages of those already available. Of the new additions I have picked out the following, with brief comments:

RED

Cosme Palaccio Rioja 1985 (£3.45) and *La Rioja Alta, Vina Alberdi Rioja Crianza 1985* (£4.25). The first is pale, young tasting, with not much bouquet, but easy drinking; the second has a brownish tinge, implying age, has an oaky aroma, and a more developed flavour; worth the 80p extra.

Teroldego Rotaliano, Gaierhof, 1988 (£3.15). This is atypical example of the Trentino's special red wine, with very big colour, almost black, strong on the nose and the palate; a mouthful of wine, but it will be more approachable in a year or so, and worth keeping.

Avignonesi Grifi 1986 (£9.95). The non-DOCG *vina da tavola* of one of the most distinguished Vino Nobile di Montepulciano firms, this well-coloured wine has fruit and tannin, but has a long way to go before it opens and rounds out.

Domaine de Puget, Bin de Pays de l'Aude 1988 (£2.35). Made entirely from the Merlot grape this Midi wine has not a great deal of body, but is an example of the agreeable quaffing wines now being produced in the south of France and is good value.

Ch. Senailhac 1985 (£3.25). Already distinctly hrown-tinged, this has an attractive soft bouquet and a light hut true claret flavour that shows the appeal of near-basic Bordeanx. To be drunk.

Waitrose Special Reserve Claret, Médoc 1985 (£4.45). On the other hand, while this has good style, its probably Cabernet tannic base needs more time.

Ch. Lascombes, Margaux 1979 (£15.50). This second-class-growth has very good colour for the age, a lovely bonqnet, and complete, rounded flavour. A fine example of distinguished claret, costly but not over-priced for a ten-year-old classed growth.

Les Roches Blanches, Côtes du Ventoux 1988 (£2.05). With a distinctive aroma this is a surprisingly forward example of a minor Rhône district and easy drinking.

Lindeman's Bin 50 Shiraz 1986 (£4.95). A full-coloured South Australian wine with oak on nose and palate, but agreeably round. Good value.

Ch. de Prade, Côte de Castillon 1986 (£4.15). This organic wine from a fairly basic Bordeaux district from which the English were ejected back in 1453 is brownish in colour, soft on the nose and palate, but with a long taste. Attractive for present drinking with a touch of class.

WHITE

Soave Classico, Vigneto Colombara 1988 (£3.55). The latest vintage from a previously listed vineyard has a crisp, clean bouquet, is really but not aggressively dry, with sufficient acidity to give it an authentic "cut."

Avignonesi, Il Marzocco 1987 (£8.45). Not new to this list, but after the currently disappointing unready red wine this excellent Chardonnay, with oaky flavour and full, long flavour is worth recommending.

Pouilly Fumé, Chatelain 1988 (£5.95). This has a fine crisp nose, and a dry but engaging flavour typical of the wine. Distinguished.

Sancerre, Domaine du Fort 1988 (£5.45). Unlike much Sancerre this is dryer and more austere than its across-the-river neighbour, Pouilly Fumé. A matter of taste, but in this instance I prefer the Pouilly.

Vin de Savoie 1988 (£3.45). Savoy wines can be piercingly dry, but this Chardonnay has a fresh, light aroma and a flavour of Chardonnay character. An attractive wine seldom found here.

Saint-Véron, Les Bois 1987 (£4.95). From the Vinzelles co-op adjoining the Pouilly-Fuissé district, this has a fruity bonquet and more character than is often found with this wine, and less expensive than its neighbour.

Chablis, Fourchaume 1986 (£9.75) This *premier cru* from the Chablis co-op has an oaky bouquet and the authentic dry, crisp clean flavour. Although pricey, distinctive Chablis is at least a good deal less costly than Côte d'Or whites.

Cooks Hawkes Bay Chardonnay 1988 (£4.75). A good example of New Zealand whites that have now made a considerable reputation within a few years. This is oaky, but with a Chardonnay flavour, ample and complex. Excellent value.

Waitrose Riesling 1988 (£2.95 a litre). With some sweetness this has authentic Mosel flavour, and an excellent, very good value party wine.

Erbacher Siegelsberberg, Spätlese 1985 (£6.95). A Schloss Reinhartshausen wine, this has a distinguished Rheingan flavour but ends a little dry. Good drinking now.

SPARKLING WINE

Waitrose Blanquette de Limoux Brut, N.V. (£4.95). This *méthode champenoise* sparkler from near Perpignan has a nice, fruity but dry bouquet, a dry if not very long flavour, and surely preferahle to mnch "wedding champagne" at a remarkably low price.

Omar Khayyam Brut, N.V. (5.95) This surprising *méthode champenoise* wine from India is pale in colour, has a fruity nose and a slight but not excessive sweetness. One could have wished for a less literary name.

SHERRY

Waitrose Manzanilla, Dry Amontillado and Dry Oloroso (each £3.95). From one of the most distinguished Jerez shippers these are excellent aperitif sherries at an exceptionally

Edmund Penning-Rowsell

Paul O'Connor of the Grog Blossom: an ardent ale admirer

Paul Murphy

Three cheers for beer

The standard bearers of the real ale culture have every reason to feel proud, thinks ***Tom Fort***

ACROSS THE beery haze of time I hear again that jaunty ditty:
"A Double Diamond Works Wonders
So Drink One Today.
Any temptation towards nostalgia is dispelled by the drink itself. The truth is that its nastiness repelled analysis, and was hardly of this world.

Beer has come a long way since those desperate days. Keg bitter, the filtered, carbonated, pasteurised fizz of which Double Diamond was such a conspicnously horrible example, has been relegated to the drinking shadows. Real, cask-conditioned beer has survived the efforts of the brewing conglomerates to assassinate it.

But the rising sales of lager illustrates that the ability of the brewers to foist ou the drinking public the anaemic, the mediocre and the plain unpleasant is by no means dead. Abont half the beer drunk in this country is draught lager. Most of it, under fanciful Continental, Australian and American names, is made here and bears no more resemblance to true lager than does a skinless chipolata to an authentic bratwurst.

Brewers like lager because it is cheap and easy to make, because it can be stored without difficulty, because they can charge significantly more for it than bitter, and because people can be persuaded to drink a great deal more of it than can possibly be good for them. The more lavish and ingenious the marketing campaign, the feebler and the more anonymous the beer.

This advertising frenzy has concealed the fact that true lager is a splendid drink. Its more fervent apostles maintain that one must journey to Bavaria to appreciate it at its best, just as the Wagnerite must pilgrimage to Bayrenth. But a visit to Paul O'Connor's off licence in Notting Hill Gate proved a decent *alternative*.

It is called Grog Blossom and is oue of three run by O'Connor in London. He stocks up to 250 beers from the three score or so countries of the world which have been penetrated by the Pilsener culture.

Let us start with one of the lesser known exports from China. I gave China Beer high marks for the unpretentiousness of its name, and for its price, 49p for a 35cl bottle (a special offer). The taste was undistinctive, but acceptable, perhaps marginally preferable to its Communist rival from Kiev, Zhiguli. Neither, I may say, could begin to compare with the snbtleties of two *famous Czechoslovak lagers*, Budweiser Budvar and Pilsner Urquell.

I also enjoyed Port Royal from Honduras – as much for the elegance of its bottle as for the pleasant beer – Sol from Mexico, Keo from Cyprus, and Steinlager from New Zealand. I did not much relish the three dark beers with which O'Connor tried to tempt me – the Gales Prize Old Ale from Hampshire, the German Eku 28, or the Belgian Chimay. These were expensive and combined *overpowering taste with* a mule kick.

Best of all were two oddities, outside the bottled beer mainstream. One was Cooper and Sons Sparkling Ale, a heavily sedimented concoction from south Australia. This is commonly served all shook up in its country of origin, although O'Connor convinced me that it should be served clear, with the dregs left behind. The other delight was the Liefmans Frambozenbier, the raspberry-flavoured beer of Belgium. It sounds horrible, looks sinister, and tastes delicious.

At home, I would be happy to drink most of these beers (in fact my staple, for economic *reasons, is* Dutch Grolsch, obtained from a provincial Italian delicatessen at 75p a bottle). But in a pub it is a different matter. There, one is obliged to be old-fashioned and the first choice must be cask-conditioned bitter. That such a choice is so widely available is dne in no small measure to the Campaign For Real Ale.

It is a little surprising, so long after the battle for real ale was won, to find Camra alive and still flourishing. But the consumer group veterans gathered *in* the *upstairs* bar of the City Pride, in Farringdon Lane, London, for the launch of the *1990 Good Beer Guide*. Sweating before a glowing fire supplied by the sponsors, British Coal, they tipped Fullers London Pride down their throats, extolled the new multitude of micro breweries and proclaimed the life enhancing properties of living beer.

Whatever one's feelings about the more overbearing aspects of the real ale culture, its standard bearers have every reason to be proud. So do brewers who stuck to their principles – such as the chairman of Youngs Brewery, the saintly John Young, who fought the *keg barbarism of the 1960s* – and survived to enjoy the fruits of his virtue.

But there a problem with beer. It is, however much Camra may wish it otherwise, a limited subject. Vigorous efforts are being made to endow it with a terminology appropriate to serious discussion. The *Guide* is peppered with references to "lingering hoppy finish . . . malty flavour and burned taste . . . dark chocolate and malt." But I rather doubt whether beer can sustain all this analytic apparatus. It is difficult, for instance, to imagine a beer equivalent to Jancis Robinson's article on the joys of wine-drinking *(Weekend FT*, October 14). She was, I am sure, right to nphold wine'a superiority, but there are occasions on which beer is better. They are, broadly speaking, occasions in pubs. And I know the beer for them, for I learned to love it when I discovered the joy of pubs.

I will say of Brakspear's Ordinary Bitter, brewed in Henley-on-Thames, that it can be drunk before funerals and after weddings, before the fire in winter and under the blazing sun of summer, to alleviate gloom and to complement joy. If you don't like it, there is something wrong with you, and you should give up beer and stick, instead, to Lutomer Riesling or lime-flavoured Perrier water.

The wine weekend where hedonism reigns supreme

Jancis Robinson *in New York shares a memorable Experience with 1,000 devotees who pay £400 each for two days of vinous fun*

I WAS IN New York the other weekend for the most extraordinary experience – in fact, it was called the New York Wine Experience and might well impact (as they say there) on Europe. One thousand enthusiasts paid $650 (more than £400) for a full-frontal assault on the taste buds and liver.

For this, they got nowhere to lay their head but a full set of tickets to tha weekend's events, including two lunches and the Sunday night award-giving banquet featuring black ties and Ray Charles. But the highlight for these wine maniacs must have been on the Sunday afternoon when 1,000 people sat down to *taste 10* vintages of first growth Château Margaux going back to 1953! (For just about the first time in 14 years of wine writing, I feel an exclamation mark is appropriate).

For those who failed to secure a ticket to the entire weekend of vinous fun – sold out in only a month earlier this year, apparently – there were still another 3,000 tickets to be had at $150 (about £95) each to one of the grand tastings held in duplicate on the Friday and Saturday evenings.

Two giant ballrooms in the Marriott Marquis hotel were converted each evening into what must constitute the ultimate wine smorgasbord. More than 170 fine wine producers, from Acacia of California to Zind-Humbrecht of Alsace, had a stand and apparently unlimited quantities (180 bottles were suggested by the organisers) of one of their best wines. These included 1983s from both Châteaux Mouton and Lafite-Rothschild, Leflaive's Bâtard-Montrachet 1986 and Krug Grande Cuvée, none of them retailing at much less than $80 (£38) a bottle.

More than 25,000 bottles, we were told, would be opened over the weekend and poured into 40,000 glasses (known as stemware in New York). About half of the participants had been to previous Wine Experiences. A good 40 per cent of them came neither from New York nor California, and about 40 per cent of those busy Experiencing were women. When asked to show hands, only three of the 1,000 admitted to having drunk White Zinfandel (the bizarrely-named naive domestic rosé) in the previous 12 months, but the fists shot np to answer the question: "Whose cellar contains more than 100 cases of wine?"

The key to this unabashedly hedonistic event, suggested food and wine writer Anthony Dias Blue (whose speech was timed for 9.15 on the first morniug-after, and was attended by an impressive majority of the privileged 1,000), lay in the purgative effect of these morning lectures. "We only have these seminars to assuage the puritan in us," he claimed, seeming to suggest that, in the present climate of US wariness about anything alcoholic, only some nourishment for the brain cells could persuade Americans to part with all those dollars.

To me, the key lies, as so often in New York, in the event's charitable (and, therefore, tax-relievable) status. I heard a couple of unashamed gourmands from Minneapolis assure a young New York banker (who told me, with some pride, that he'd started to buy and store wine in London) that the event was "100 per cent deductible," which must make quite a difference to how extravagant a treat it seems.

A serious young Massachusetts anaesthetist explained to me that this was something to which she treated herself every year. When I asked her whether it wasn't just a bit expensive, she smiled and said, gently: "I guess you're asking the wrong person." I guess so.

These annual Wine Experiences, which alternate between the coasts of the US, earn their charitable status by funding student scholarships* in wine-making, grape-growing and what, in America, is called the hospitality industry. So far, nine events have yielded more than $500,000 worth of sponsorship, which is, of course, a jolly good thing.

An even better thing for the organiser, Marvin Shanken, publisher of *The Wine Spectator* – America's influential fortnightly wine magazine with an andited international *circulation approaching 100,000* – is that every bottle of wine is donated by the producers.

Some measure of the influence of *The Wine Spectator*, and the calibre of the wine enthusiasts it attracts (for the event is advertised only through the *Spectator)*, is that these producers, some from as far afield as Australia, are only too delighted to be chosen to take part. They pay their own fares and accommodation plus $500 for their tasting booths. They even lay out the cost of their own tickets to the Experience, on top of the donated wine.

AS one of the Medoc's more publicity-conscious proprietors, *Mme (May-Eliane)* de Lencqnesaing of Chateau Pichon-Lalande, put it to me: "I think it's my duty to come and thank someone who does all this work to organise such an event." She added. with a seigneurial nod to the New World wine-makers showing their wares: "I also think it my duty to meet others who are trying to make quality. I don't think we have to keep all our knowledge to ourselves."

Château Margaux's Corinne Mentzelopoulos presides over her $100,000 New York tasting: 600 bottles of first growth claret

But the real question was why Corinne Mentzelopoulos of Châtean Margaux thought it worth her while to donate about $100,000 worth of her already ultra-fashionable first growth claret (60 bottles of each wine – the glorious 1961 in magnum, if you please, as well as the fabled 1953). I asked *her this as she was recovering* from the long-dreaded experience of taking 1,000 wine devotees from vintage to vintage, made none the easier by having to keep sweet the rival Bordeaux proprietors on the front row *while* complimenting her own wines and the American audience.

"This is where I can meet the people who actually buy my wines," she said. "During the grand tastings people kept coming up to me, saying they *had 'x' cases of this vintage* of Margaux and 'y' cases of that. And as for the sit-down tasting – well, Ab Simon [head of Seagram's fine wine subsidiary, Châteaux and Estates, once proclaimed New York's "tsar of wine"] asked me to do it way back two years ago, and I guess I never thought it would actually happen" (although in 1983 Baron Eric de Rothschild, then a relatively new boy to the first growth Pauillac, condncted a tasting that went back to 1949).

All this is not bad going for someone like Shanken who started out with a newsletter that told all about such subjects as the segmentation of the vodka market. His IMPACT newsletter spawned seminars of its own and, at a lower alcohol level, he has not only his Wine Experiences but also his magazine, his mail order sales of *objets* as indispensable as grape motif coasters and cellar humidity gauges, his wine travel guides, and now books published by the *Spectator*.

Thanks to all this, he gets a *top-table seat at Bordeaux* banquets, even if he does spend most of the meal prowling and net-working. Some of those who know just how flummoxed he'd he by a blind tasting resent this.

By the courteous standards of the wine world, he is nakedly opportunistic. For instance, his opening gambit to the managing director of Mitchell Beazley, the British publisher which has cornered the wine book market and enjoys a turnover in excess of his own, was to ask if the business was for sale. But while Shanken might be the archetypal parvenu in a particularly ancient world, it had to be an outsider who would manage to keep his or her nose outside a glass long enough to see the business opportunities provided *by the world's tight-knit* but juicy cluster of wine fanatics.

Recently, Shanken signed a long-term deal with Marriott hotels in New York and San Francisco, and his official comment on expansion is a studied: "It would not be unrealistic to project a European-based Wine Experience sponsored by *The Wine Spectator* in the next three to five years." Watch out, Marriott hotel managers in London and Paris.

**The Wine Spectator Scholarship Foundation, 387 Park Avenue South, New York, NY 10016.*

■ High Street Wine: P.XIX

Cookery

A taste of all things Italian

IF THE number of new books published on Italian cooking is anything to go by, this must be the year of the Italophile cook. For me, three of these books stand out from the crowd. In descending order of price they are as follows:

The Renaissance of Italian Cooking, by Lorenza de'Medici (Pavilion, £20), which celebrates *la cucina alto-borghese* with e gastronomic and photographic tour of aristocratic tables in 12 regions. *Elegantissimo!*

Next comes *The Food of Italy*, by Cleudia Roden (Chatto & Windus, £16.95). Based ou her award-winning series for the Sunday Times this is a glorious feast of a book, a splendid history, geography and cooking lesson rolled into one, to which I shall return in this column on another occasion.

The third is an agreeably personal collection of thoughts and recipes by Anna Del Conte, hitherto best known for her admirable reference book, *The Gastronomy of Italy*, and for her work as editor and adaptor of Marcella Hazan's cook books for the British market. Anna Del Conte's latest offering, *Secrets From an Italian Kitchen* (Bantam, £14.95), is full of special pleasures and happy surprises. My only qualm lies with the title, which is a little coy.

The pages are peppered with engaging reminiscences – such as the story of the girl who her brother dismissed as "very pretty, but her mother drinks amaretto" – and refreshing comments. On the subject of pasta the author remarks quietly but firmly that good brands of dried pasta are better than most of the fresh pasta on sale in the UK and she adds a gentle reminder that bigoli (a fat, spaghetti-like pasta) is the only pasta traditionally made with wholewheat flour.

I like the little dips into history and the nuggets of practical advice, snch as how to make risotto without standing over the pan for the full 20 minutes or more it takes to cook, and I was pleased to learn the trick of threading garlic cloves on to a toothpick so they will aromatise food but can be removed from the pot swiftly and easily just before serving.

As for the recipes, there are many I look forward to trying. These include biancomangiare (a chicken and almond soup garnished with pomegranate seeds); rabbit with porcini and polenta; plums in wine syrup with rosemary; little bundles of monkfish with grilled red pepper; veal escalopes with peaches; quail roasted with balsamic vinegar; and what sounds like the ultimate dish of lasagne, a timballo di pesce, in which lasagne is creamily layered with three kinds of fish in a delicate bechamel, unmoulded for serving and finished with a rich prawn sauce.

Here are two other recipes from the book, together with Anna Del Conte's own introductions to them:

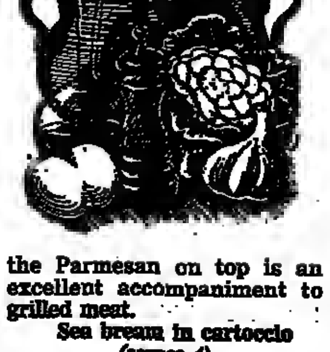
Grilled radicchio with parmesan
(serves 6)

This simple little recipe – a perfect antipasto – achieves a most successful combination of an old dish with a modern topping. The radicchio should really be radicchio di Treviso, but you can happily use the radicchio di Chioggia found in the UK.

For six people you will need: 2 lb radicchio, $2\frac{1}{2}$ fl oz extra virgin olive oil and 4 oz best Parmigiano Reggiano.

Cut the radicchio heads into quarters and place them in a grill pan. Pour over some olive oil and season with salt and a lot of pepper. Cook on charcoal or under a preheated grill for ten minutes and then transfer to a dish and cover with Parmesan flakes. Dribble a little *more olive oil over the top.* The cheese should just melt in contact with the hot radicchio.

The grilled radicchio without



the Parmesan on top is an excellent accompaniment to grilled meat.

Sea bream in cartoccio
(serves 4)

Because they have delicate flesh, sea bream are particularly suited to being prepared in cartoccio – wrapped in paper – with a simple herb-flavoured salsina, a little sauce. Choose any fresh herbs but be sure to include either fennel or fennel top.

I prefer the traditional way of wrapping the fish: in grease-proof paper or parchment paper rather than foil. I have found that the fish cooks better in paper than in foil and it certainly looks better wben brought to table.

Four lovely sea bream, weighing about 8 oz each; two tablespoons mixed herbs (such as parsley, one small sprig of rosemary, two sage leaves, two sprigs of thyme, two sprigs of marjoram, a few basil leaves and a full sprig of fennel or fennel top); half a clove of garlic, peeled; the juice of half a small lemon; 3 tablespoons extra virgin olive oil.

Ask the fishmonger to scale *the fish thoroughly*, to gut them (also removing the gills) and clean them, leaving the heads and tails ou. Before cooking the bream, wash them well and let them drain on a sloping board while you prepare the sauce.

Chop all the herbs and the garlic. You can use a food processor but do not rednce to a mush. Transfer to a bowl, add salt and pepper and the lemon juice, then gradually add the oil, while beating with a fork to thicken.

Cut four squares of grease-proof paper (or foil) large enough to wrap around the fish and to fold together at the top and sides. Brush with a little oil. Lay a fish on each square and spoon a little of the sance insida the fish and around it. Wrap the fish *up* by twisting the edge of the paper or foil all round.

Put the parcels in a baking tin and cook for 15 minutes in an oven heated to 200C (400F), gas mark 6. This timing will be just enough to cook the fish through *without drying it*, so that it will be moist and succulent from its own juices.

Place the parcels on individual plates and open them by cutting off the twisted edges. Leave the fish in their paper "dishes" to retain all the cooking juices and serve with plenty of crusty white bread.

Philippa Davenport

YACHTING

You simply can't get lost anymore

Roy Hodson on the revolution taking place in world navigation

WHETHER YOU are crossing an ocean in a yacht, riding a camel across a desert, back-packing in the Rockies, driving through Australia's Nullarbor plain, hacking through Brazilian rain forest, or hill-walking in the Himalayas, you can now know exactly where you are (and by next year you will be able to know your height above sea level as well), from a little receiver no bigger than a transistor radio.

A revolution in world navigation has started which will have wider implications for the human race than have yet been appreciated. Quite simply it is going to be impossible to get lost. Future generations will be given their personal position-finders – they will be as cheap as pocket radios are now – and will use them all their lives with hardly a thought about the wonder of it all.

Only three centuries ago kings and navigators were still working, praying, fighting and stealing for a means of telling the time accurately and so being able to find their longitude to send ships around the world and dominate trade.

Now we carry accurate time about with us on our wrist watches as carelessly as if it had always been freely available. The same will be true of personal position finders. Soon it will be a thought to marvel at that the human race ever managed without them.

Both the Americans and the Russians are putting new satellites into orbit at a rate of more than one a month to complete two independent world navigation systems called respectively GPS (Global Positioning System) and GLONASS. They are primarily designed for directing nuclear missiles to targets with an accuracy of centimetres. But in this case the sword has turned into a wonderful ploughshare. For the real and sustained use of the two systems will be to make accurate position-fixing available simply and cheaply to everyone on earth.

In the spirit of *glasnost* the Russians are thought likely to make their GLONASS system available for civil use. They have not made a public statement yet. However, they could steal a march on the Americans by offering it to the world free of charge. The Americans are still considering making a charge for GPS – at any rate to such big commercial users as air and shipping lines.

At this early stage in the game, however, the Americans are proving more generous with access to GPS than most observers thought possible. The signals are available free of charge for decoding by commercially-made receivers.

Across Britain and Europe it is now possible to get accurate position fixes for roughly 12 out of every 24 hours from the 11 satellites already in place at fixed points above the earth. By the end of next year the Americans expect to have a lattice of 24 satellites and some spares in place above the globe – sufficient to provide position-fixing anywhere in the world at any time of the day or night.

Furthermore, the Americans are not, so far, fighting shy of making the great accuracy inherent in the system freely available. The pioneer position-fixing receivers for the general public, now starting to appear for sale, are able to give positions from the American GPS system accurate to between 10 metres and 30 metres wherever they are used.

Retail prices for the first ones on the market have already dropped below the £2,000 barrier. Even greater accuracy is available from receivers costing £3,000 and upwards and designed for professional use by surveyors and the armed forces.

Nearly all the hard work involved in fixing a position by GLONASS or GPS is done in the satellites themselves, or the ground control computers that are linked to the system. To achieve a "three-dimensional" fix of latitude, longitude, and height above sea level, a hand-held receiver simply needs to pick up signals from at least four satellites available above the horizon. The more receiver channels it uses the greater will be the accuracy.

At least 15 electronics companies outside the Soviet bloc are developing small receivers. Some are in production already. The smallest, lightest, and cheapest set available so far is a US product, the Magellan GPS Nav 1000. Distributed in Britain by Ampro it weighs only 28 ounces and costs £1,950. It is a simple one-channel receiver, designed to be hand-held. It gives a "fix" from the GPS system every 15 seconds on a screen, together with the time and the date.

In my view the most impressive technical progress in personal position-finding sets so far has been shown by a new British firm based in Chichester, Sussex. This firm's set, called the GyPSy, was unveiled at the British Marine Industries trade show, at Kempton Park. Rival manufacturers were soon forming a queue to see it.

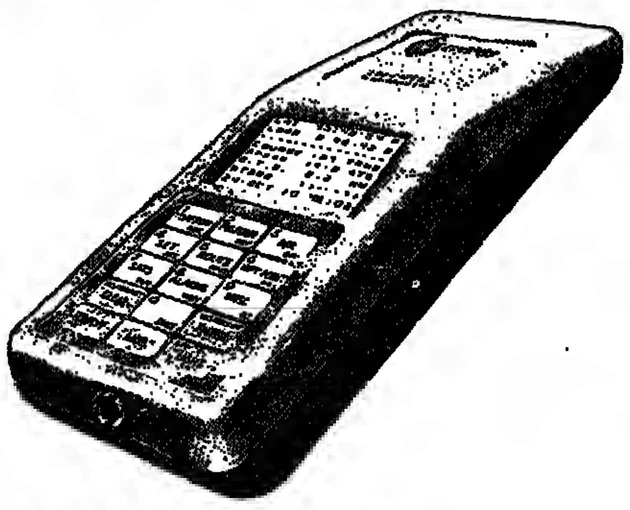
The GyPSy, which will be on sale by next January, initially at £2,200, is also a hand-held receiver that the sailor, walker, or climber can carry in a pouch about the size of a 35mm camera case. It looks no more complicated than a cordless telephone but it contains an Inmos transputer (256k memory) with the power of a desk top computer, and is equivalent to a five-channel receiver which updates the user's position from space satellites several times every second. You will be able to switch it on and off 400 times to check your position before the batteries need recharging.

Simon Hartwell, aged 46, formed a company called Columbus Positioning with other colleagues in the marine electronics industry just a year ago to exploit the looming opportunity offered by GPS navigation. The team designed the set from scratch and is now assembling it and marketing it in Chichester, West Sussex, from components provided by sub-contractors. The technical virtuosity of their product is much admired and is setting a hot pace for the other manufacturers of GPS receivers.

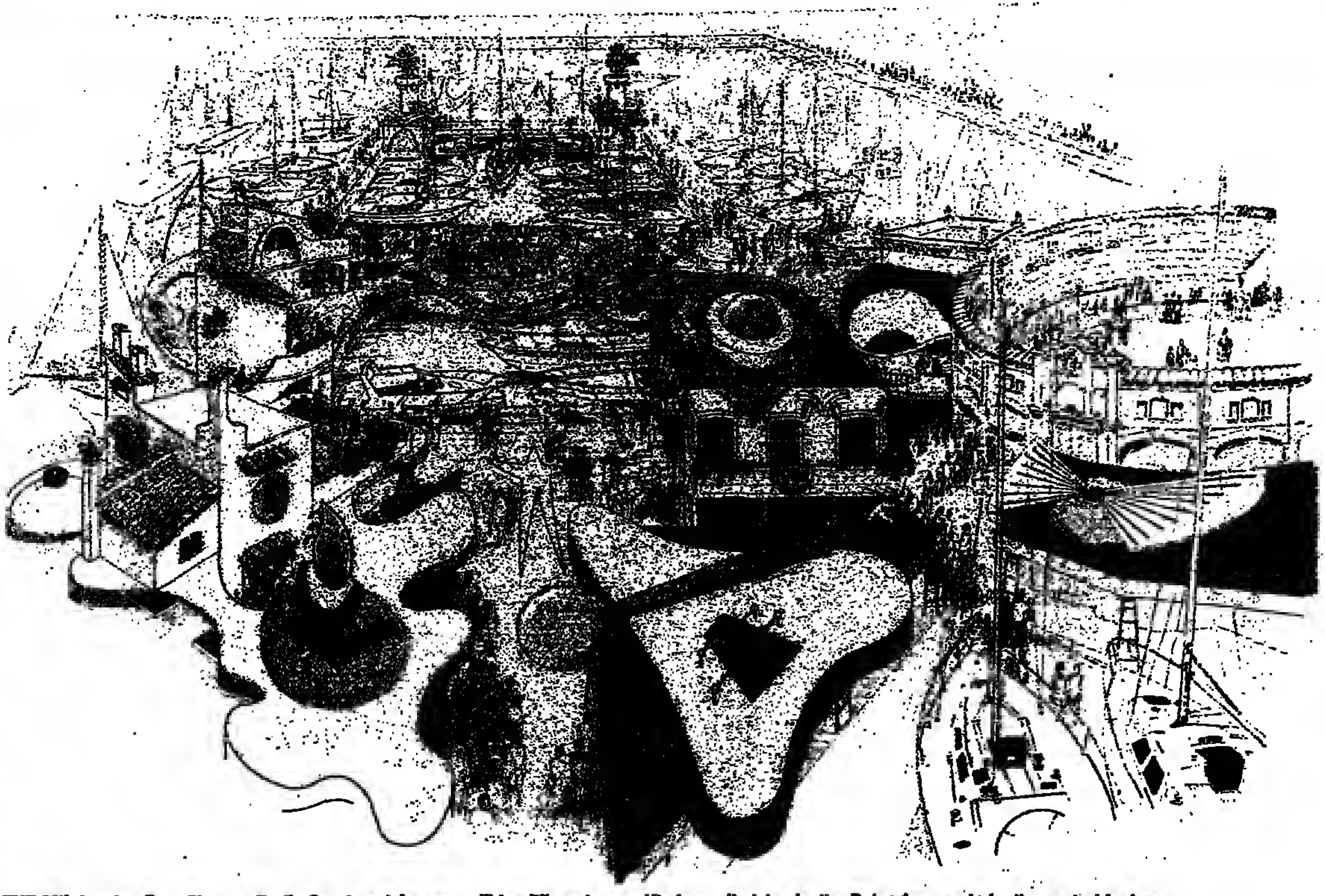
GPS and GLONASS will be the standard world navigational systems of the future, backed by terrestrial-based systems. Governments generally take the view that it would be unwise for world navigation to rely solely on two Russian and American systems which could be switched off in a time of international crisis.

Of the terrestrial-based systems the venerable Loran (installed during the Second World War) looks like being the international winner in its modern form. Cheap Loran sets at under £300 will become available and the system will be extended to cover many more parts of the world where aircraft and shipping movements are heaviest. Britain and Europe south of the Wash (where there is a gap in the Loran coverage) are expected to be served by new transmitter installations in England and Ireland. After consultations with interested parties the British government is thought to have accepted that Loran, not the equally venerable Decca system, should be chosen to complement GPS and GLONASS

But seafarers in the southern North Sea and the Channel, who rely on Decca sets, have no cause for alarm. The Decca system is expected to continue in operation in those waters until late into the next decade.



The GyPSy receiver



THE 36th London Boat Show at Earl's Court next January will be different, as this artist's impression shows. There will be more than a touch of fantasy and surrealism about it reflecting the work of the Spanish artist Joan Miro. His favourite islands, the Balearics, are to be the central feature. It will be biggest show ever held and will include 50 boats in Chelsea Harbour that can be visited afloat

■ Fast powerboats driven by inexperienced owners are a growing hazard in almost all crowded sailing waters.

There is an obvious incompatibility between a windsurfer making five knots and a powerboat making 28 knots.

Such mismatches make strict interpretation of the international rules for the prevention of collision at sea difficult, and sometimes impossible.

The Royal Yachting Association has decided to do something about it and will launch a new National Powerboat Training Scheme at the Boat Show at Earls Court, London, next January.

It will emphasise the availability of tuition to people who are thinking about buying power boats.

HOW TO SPEND IT

Lucia van der Post gets spots (and stripes) before her eyes as she prowls through the fashion jungle

Fake furs — with real style

Buy of the season — brown leopard-spotted full swing wrap coat, just £79.99 from any of the 55 branches of River Island throughout the UK

ILLUSTRATIONS: NICOLETTE EISDELL

IS THERE anyone left who feels at all at ease wearing a proper fur? I don't know of anybody. Even those who aren't given to introspection have somehow been shamed by the anti-fur campaigners, by their conscience or by simple social pressure into feeling that wearing fur just isn't done.

Lynx, the anti-fur campaign group, has achieved the ultimate — in Britain at least (if not Geneva, Zurich or Megève) they have made real fur unchic. So successful has Lynx been that whereas a few years ago most of London's top department stores had fur departments, today only Harrods (with its Grosvenor Furs concession) and Selfridges (with its Edelson fur concession) still sell real furs. Both propose to go on selling them for as long as their customers want them but both are adamant that they are rigorous in making sura they only sell skins from unendangered species and that 90 per cent are from animals that have been humanely farmed.

This is not the place to go into the deeper ethics of the snbject, whicb strike me as infinitely more complex than Lynx would have us believe. Suffice it to say that this year all stores are awash with great, big, heautiful, luscious *fake* furs st prices that are much, much lower than their once-living counterparts. They have all the glamour of the real thing with none of the angst — or, at least, I *thought* they had none of the angst until I looked into the matter further.

Fake furs by and large are made from synthetics which, according to the Ecology Section of the International Fur Trade Federation, are "chemical products, the manufacture and disposal of which cause pollution, deplete non-renewable resources and disrupt natural life-supporting eco-systems." Ah, me, the world has got complicated.

Blissfully unaware that they might be contributing to the pollution of the universe, designers from Jasper Conran to St. Laurent and Giorgio Armani filled the antumn fashion shows with spots and stripes of every shape and hue. Regular safari-goers might have tronhle identifying the species but the lasting impression was of a stampeding herd belting down the catwalks — gauzy leopard-spotted chiffons, zebra-striped sarong skirts, hig, bold belts in ocelet, soft spotted pumps, skinny lycra shifts, hooded bomber jackets — there was scarcely a garment that couldn't and didn't come covered in spots.

The designers had got it right. The whole point of fake furs, in my view, is that they should be fun. Nothing too realistic, nothing too serious. Nobody should huy the sort of fake fur that looks like a dowager's mink. Start, perhaps, with a gauzy chiffon scarf, tie it round your neck or to the corner of your handhag. Go for a pair of Jimmy Choo leopard pumps, or for some (but NOT all) of Edina Ronay's larky accessories. Move on, perhaps to a pair of Rifat Ozbeck trousers, or St. Laurent, if you have the purse to cope. Take in a tiger-print skirt from Workers for Freedom or a gorgeous hooded leopard-print coat from Armani, or one of Ninivah Khomo's ethereal leopard-printed shirts. Wbatever you need this autumn, you could, if you have a mind to, huy it in fake fur.

A word of warning — too many fakes can easily look tacky. One wonderful all-enveloping coat, a few classic accessories, or a gauzy zebra-printed scarf slung around the neck is all you need. Don't wear anything too tight (and most particularly don't wear it too tight if you're overweight) and be very careful with your jewellery — make it as real and classic as you can afford.

Finally, if you really can't bear the idea of fake, if you would love the warmth and comfort of fur but want to keep your conscience clear, do what many of the fashionable set have been doing for years — trot off to one of Kenzo's shops, where every year he does a couple of versions of a classic butter soft sheepskin. This year there are two styles, fitted or loose, pink, green, black, or grey, £1,050 each. Kenzo shops are at 27, Brook Street, London, W1; 268, Brompton Road, London, SW1; and 17 Sloane Street, London, SW1.

Sketched here are soma of the best fake huys around this autumn.

Soft, eminently snug, ginger teddy bear duffle with proper horn buttons. By Nicol Farhi, £299, from Fenwick of 63 New Bond Street, London, W1. Mail order £4 extra.

Above, wonderfully soft, straw and dark-brown leopard-print hooded coat (above) from Emporio Armani; it sports a bright pink lining with Armani logo. £525 from Emporio Armani, 191 Brompton Road, London SW3. Sizes 8 to 14, mail order is available on 01 823-8818.

Edina Ronay hns a marvellous collection of faka ocelet accassories, and also has some slickly-cut black suits with fur-trimmed jackets. Sketched left is a hat, full of Russian glamour: £88. The polo-necked "body" in soft wool/polyester/angora would look wonderful teamed with slim-fitting trousers or skirt. £199, sizes 8 to 14. Belt, £88; gauntlet gloves of cotton jersey trimmed with ocelet fur fabric, £95; capacious muff, £115. All from Edina Ronay, 141, Kings Road, London, SW3. Mail order is available for £2.50 extra per item.

Pearls — a cultured classic

THERE CAN'T be many women who do not have a string of pearls somewhere in their wardrobe. Pearls are the classic in any wardrobe — as much of a standby as jeans, brogues, a navy blazer, the little black dress or a cashmere sweater.

You can team them with denim or tweed, with velvet or taffeta. You can wear them in single strands or knotted in profusion. The Princess of Wales has her simple strings, Barbara Bush her three-strand choker (Ken Lane's version at £97.50 will be on sale in his shops at the end of the month) and the girl in the street her little single strand.

You can spend as little as £10 buying from a mail-order catalogue or as much as a £1m on a rare string of real pearls (yes, really), and from Monday you will be able to visit the Mikimoto counters in the new jewellery *room at Harrods and* for the first time see rows and rows of fine, cultured pearls which yon can select and buy by the inch. That way you will be able to design your own string, choosing exactly the colour, size, length of strand and clasp that suits you.

At the moment most strings are sold already made up and although good jewellers, if you are buying excellent pearls, will indeed alter strings and clasps to suit, this is really an extra service.

Mikimoto is one of the most famous of the Japanese pearl companies. Its founder, Kokichi Mikimoto, started back in 1888 looking for reliable ways of producing cultured pearls, but didn't actually discover it until 1908, when he patented his own methods.

Though all good pearls are, of course, *good* pearls, the problem for the inexperienced buyer is how to be sure. Most good cultured pearls these days come from Japan, though baroqne pearls and the only naturally black pearls (from the black-lipped oyster) come from the South Seas.

The Japanese Government tries to prevent any sub-standard pearls (those that haven't been in the oyster long enough and so don't have a thick enough nacre) leaving the country, but does not always succeed. What the purveyors of fine pearls call the "cowboys" — some High street shops and mail order catalogues — sell off these thin-skinned pearls at prices which will seem less beguiling when the pearls begin to flake.

If you're buying pearls you can't expect anything of any quality for less than £150. If they are exceptionally cheap they are either thin-skinned, or glass beads with a plastic finish. If you are unsure the only certain — if expensive — way to huy is to go to people whose world-wide reputations depend upon their honesty.

Experts tell the quality of pearls in many ways, hnt for the rest of us here are a few pointers. Lustre and nacre thickness are perhaps the most important — lustre is the surface glow as well as the deep reflective light that gives the pearl its real beauty. Nacre is the name given to the material surrounding the nucleus. The longer the *nucleus is left in the shell, the* thicker the nacre and the better the pearl.

Next comes colour, which is largely a personal matter. Some prefer their pearls as near pure-white as possible, others like a creamy or a pinkish tinge. But whatever colour you choose it should be rich and even throughout the pearl.

Shape is important, too; the rounder the pearl, the more sought-after it is. But pear, oval, hutton and baroque pearls all have their fans. Tiny surface marks are part of a pearl's natural texture — confirmation of the fact that it is a product of nature and not a machine. Don't worry about them unless they are large, noticeable blemishes.

If you have pearls you can test their quality hy beating the head of pin and touching the pearl with it — if it makes a scratch or mark it is plastic. On a good pearl, cultured or real, it will leave no mark.

A cultured pearl is made in the same way as a real pearl — the only difference is that the nucleus, the irritant, has been introduced artificially. Often the only real way to be sure if a pearl is real or cultured is by X-raying the nucleus, which will be much smaller in the real pearl.

Real pearls are increasingly hard to find — the only current source is the Gulf, which has its share of problems. For example, Cartier at the moment has just one 93-pearl string, which is 17¾ inches long with a marquise-shaped clasp, dating from the 1920s and selling for £8,540. Garrards and Mappin & Webh between them have about 30 strings in stock, all old and varying in price between £1,500 and £25,000.

How to take care of them

The basic rules are quite simple — perfume, perspiration, hair and deodorant sprays, and certain drugs (in the old days when syphilis ran a merry dance through the ranks of the aristocracy a mercury-based drug played havoc with whole strings of priceless pearls) are the main enemies.

Pearls need regular cleaning but if they are any good at all you shouldn't wash them yourself at home, though yon can wipe them gently with a soft dry cloth. Take them to a reputable jeweller who will wash off grease and perspiration and re-string them on silk.

Don't have them strung on nylon, which is rough and will work the holes larger. The price depends npon whether the pearls are real or cultured, the stringing knotted or plain, hut at Mappin & Webh and Garrard shops they would charge from £12 for doing a basic, plain cultured string.

L.v.d.P

ARTS

Saleroom

The Impressionist bandwagon rolls on

Follow the obituary columns to predict the auctions, advises ***Homan Potterton*** *in New York*

IF ONE wants to koow what is likely to be coming up for sale at Sotheby's or Christie's it is a good idea to follow the obituary columns of *The New York Times*. Campbell's Soups' heir, Jack Dorrance, died unexpectedly in April of this year. Four weeks later Sotheby's announced that they would be selling his collection. It went for $131m in New York the other week. The other day an obituary had an arresting headline: "Lydia W. Malbin, 91, a Collector of European Art." The notice said that "Mrs Malbin's collection, which is known for its conceotration on the work of the Italian Futurists has been widely exhibited and much sought after hy major museums." No mention of either Sotbeby's or Christie's, but watch this space!

Last July the obitoary appeared of the architectural historian, Edgar Kaufmann, whose fatber commissioned Frank Lloyd Wright to design Fallingwater, the architect's best known house. Kaufmann, who gave the house to a trust in 1963, was an adjunct professor of Architecture at Columbia University and had at one time been on the staff of the Museum of Modern Art. *The Times* did not mention that he was also a collector but that obviously did not deter Sotheby's wbo will sell 19 works from his collector, including paintings by Monet ($7m-$9m), Picasso ($2m-$3m), Moodrian ($6m-$8m), and Miró ($4m-$5m) on the November 15.

The Kaufmann Collection is just a small part of an amazing array of Impressionist and Modern sales that will take place in New York next week. Following its dispersal on Wednesday night Sotheby's have their main sale. Consisting of just 74 lots, the anction includes six works by Picasso that may fetch up to $100m between them. Four paintings by Renoir may bring a total of about $40m; three by Monet, $20m; two by Gauguin, $11m; and single works by Cézanne, Van Gogh, and Manet that are estimated at up to $8m, $15m, and $14m. Eveo Bonnard is included in this big league with two of his pictures being estimated at $4m and $6m each. There are in fact only ahont ten works in the sale with estimates of less than $1m.

It was at o Sotheby sala this time last year that the market for Picasso started to roll. When his Cubist "La Cage D'oiseaux" went for $15.4m it was the first time any of his pictures had made it over the magic $10m mark. That record was smasbed a few days later at Christie's when "Maternité" went for $24.75m. Witbin weeks, this time at Christie's London, "Acrobate et Jeune Arlequin" fetched $38.5m; and then the artist's 1901 self-portrait, "Yo Picasso," finally took the trophy wben it mada $47.85m at Sotheby's in May.

Next week's star Picasso, "Au Lapin Agile," whicb shows the artist himself as Harlequin, is enormously attractive. Furthermore it does not have to be paid for until after Christmas: a strange note in the catalogue says so. The vendor of the picture is Lorinda de Roulet who inherited it from her mother, Joao Whitney Payson, in whose Loog Island home it ooce hoog alongside Van Gogh's "Irises." When that picture was sold in 1987 it went for $53.9m – the record at euction for any artwork. "Ao Lapin" could also break that record; but let us hope that it will not he bought by the Antipodean collector, Mr Alan Bond, who bought "Irises" with Sotheby's money and who is selling a Manet for perhaps as much as $14m in this sale.

Even with such a glamorous line-up, Sotbeby's will certainly not be monopolising the headlines next week as Christie's also have a few tasty morsels on offer. In fact, while Sotheby's have estimated a total of $254m-$346m for all their Impressionist sales, Christie's expect $315m-$428m. Their sales are on Monday and Tuesday November 13 and 14.

They start with three special collections: 15 pictures from the George Richard Collection, a further 15 owned by Paul Mellon, and then a large sale of almost 100 works from the collection of the film director, Billy Wilder.

The Melloo pictures are very, very select: Mr Mellon knows how to collect. These are not flashy pictnres and many are not all that typical of the masters who painted them. The Picasso gouache, "The Death of Harlequin," is for example not likely to appeal to Mr Bond although, as it has another picture on the back, the buyer will get two pictures for the price of one: its estimate is $20m. A small Degas portrait of the Duchesse de Montejasi – Cicerali (estimate $1.5m - $2m) shows the sitter in black seated against a flame-red cushion; and there is a Manet of a Paris street in baking heat. It is almost deserted except for a prominent cripple in the foreground, but it is a glorious picture (estimate $35m). A Van Gogh ("Tree at Arles") is estimated ot $25m – $30m.

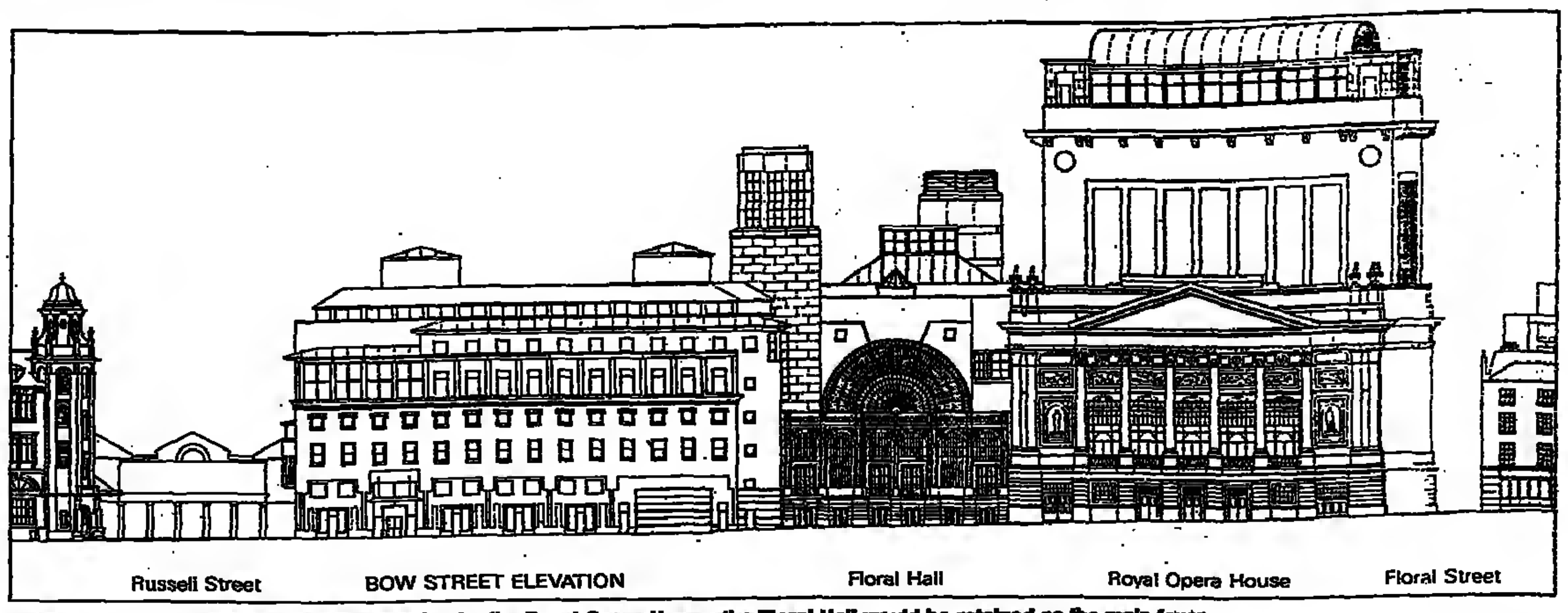
The highlight of the Richard Collection is a Monet of the Houses of Parliameot at sunset while the top lot of Billy Wilder's sale is a 1921 Picasso "Head of a Woman" ($5m-$7m). But the Wilder Collection is chiefly remarkable for the plethora of female oodes it contains. There are about 30 hy such artists as Maillol, Kirchner, Picasso, Schiele, and Balthus.

The first lot in Christie's main sale is a Delacroix. It is large, it is dark, it is unattractive, it is estimated at $5m-$8m, and as it is dated 1823 it is strange to find it in an Impressionist sale. Perhaps it is here because its subject matter – o young couple with their baby – is identical to that of the Picasso "Famille de l'arlequin" which is the highlight of the sale. This is a gouache of 1905 and is estimated at $15m-$20m. It is one of seven works by the artist on offer.

Monet is represented with six pictures at estimates of between $2m and $10m. Gauguin has a flowerpiece ($2m-$2.5m) and a landscape ($8m-$10m). There is ooe fine Renoir, "La liseuses" ($8m-$10m), and then there are six more whicb are of the type that find particular favour across the Pacific: they two are estimated in millioos. The otber top lots are by Vuillard ($2.5 aod $3.5m), Vlaminck ($3m-$4m), Braqne ($3.5m-$4.5m), Dali ($1.8m-$2.2m), and Chagall ($2.5m-$3.5m).

All in all, it promises to be quite an exceptional week of options; and as it is the Impressionists which are still most favoured by the Japanese, we can expect that further records will be established. After all, what is the point of paying $846m for such an American landmark as Rockefeller Center if one cannot have the occasional flutter in the New York sale room as well?

Picasso's "Famille de l'arlequin:" estimated at $15-20m



Jeremy Dixon's proposed Bow Street alevation for the Royal Opera House: the Floral Hall would be retained as the main foyer

Royal Opera puts its House in order

The new development proposals meet the need for reconciliation, says ***Paul Cheeseright***

THE ROYAL Opera House has been engaged in a exercise of reconciliation. The results are open to view at an exhibition* of its plans to turn the bome of tha Royal Ballet and the Royal Opera from an Edwardian slum, outwardly elegant but inwardly inefficient and dangerous, into an artistic centre fit for the next century.

The need for reconciliation has been clear at a oumber of levels. The Royal Opera House has had to weigh its own technical needs against the cost of achieving them when it possesses some land but oo cash. It has had to placate theatrical experts restive about earlier plans for modernisation. In the uncomfortable role of property developer, it has needed to garner local support in the face of an antagonistic Covent Garden Community Association. By no means least, its future has in part depended oo its ability, notably lacking early this year, to be oo friendly terms with the Westminster City Council.

Debate about its new plans is about to start. A public meeting in Coveot Garden this weekend; suhmissioo of the proposals to the Westminster City Council oext week.

It is oot possible to predict the fate of the new proposals but a first glance suggests that the Royal Opera House is likely to be much more successful in reconciling all the different interests – planners, local community, theatrical experts, guardians of the heritage – this time round than it was last.

The Westminster City Council gave outline planning permission in 1987 to a scheme which contained a large office block as a means of paying for the internal improvements. But, earlier this year, a succession of leaked Royal Opera House documents showed oot only that the Royal Opera House thought its own scheme inadequate, but that it had been entertaining proposals other than the one it had been discussing with planners. The City Council was not best pleased.

At that stage the Royal Opera House was talking only of minor changes to the 1987 plan. Those minor changes never saw the light of day. Instead the 1987 plan has been completely recast. The new planning application then is an attempt to clear the air. It takes the Royal Opera House back to square one.

The old office block idea, as a means of financing the internal improvements, has been thrown out by Jeremy Dixon, the architect, and replaced hy smaller buildings. The car park the Westminster City Couocil wanted has heen thrown out, giving opportunity for the expansion of technical facilities. A use has been found for part of the listed Floral Hall: it becomes the main foyer space. Other listed buildings on the site are retained in the new plan: under the former proposal they would have gone.

Here, then, is the reconciliation at work. More of the space is given over to theatrical use. That ought to soften the opposition of the Covent Garden Community Associatioo, although it will continue to hold the view that none of the land should be used for anything but the arts. The greater space given to the Royal Opera House's technical needs means that the plans move much closer to the demands of the theatrical experts on matters like the storage of scenery.

At the same time, retention of the listed buildings and use of the Floral Hall should soften the attitude of English Heritage, official protector of listed buildings, which was no happier with the Royal Opera House than the City Council had been. What was the point, it asked itself, of sacrificing listed buildings for a scheme the Royal Opera House itself did not want?

Where the Westminster City Council planners stand on the new plan in general and the elimination of the car park in particular is not clear. The Royal Opera House has been in contact, but there does not appear to have been a formal meeting since last August. Mr Jeremy Isaacs, the Royal Opera House general director, believes the planners are reconciled to loss of the car park. The opposition Labour Party members of the planning committee never wanted it anyway.

None of this, though, is to suggest that the Royal Opera House, with its new plans, has simply been responding to criticism from the outside. The stimulus for change appears to have come from the change in management – the appointment of both Mr Isaacs and of Mr John Harrison, the technical director.

Once the decision had been taken to reduce the amount of land oecessary for the supporting commercial development, then meeting the technical needs of the Royal Opera House inevitably became easier. "We wanted to make the changes anyway but we weren't oble to do it because of the constraints put on the project," Mr Dixon said.

The other side of this is that the lower the commercial content of the modernisation scheme, the larger is the financial gap the Royal Opera House has to bridge. Total cost of the scheme is £175m. Likely return from the commercial property development is £133.5m. Forward, then, Sir Martin Jacomb, chairman both of the Royal Opera House Development Board and of Barclays de Zoete Wedd, the investment bank, with some financial architecture.

* *Main Foyer, Royal Opera House, open to the public between 1230 and 1430 until December 6 except Sundays and November 25-29 inclusive.*

When British art is at its best

William Packer *recommends exhibitions in London and Liverpool*

THE NEW *English Art Club* (the Mall Galleries: uotil November 19) was founded in 1886 as a radical artists' association to ginger up British art, and the Academy in particular, hy direct example and competition. That old fire may have faded somewhat, but the NEAC has contimoed ever since to offer its members and contributors the chance to show their work in London. It has always provided a natural home for serious figurative and landscape painting, especially in times when such work was out of critical favour.

Though it had long ceased to be avant-garde in any strict sense, I remember it from my own student days as a significant feature of the showing calendar, with disappointment at rejection the keener in the knowledge of its liveliness in comparison with the then so stuffy Academy. It has had its quiet times, but oow is enjoying a marked revival, oddly enough under the encouragement of o number of activa memhars of the preseot Academy.

Early in November these past few years a hanging lunch has been held whare a nnmber of guests, critics among them, have been asked in to vote opon certain annual prizes. Academicians such as William Bowyer, Diana Armfield, Ken Howard, Edward Bishop and Bernard Dunstan, and other leading members such as Tom Coates, Hans Schwarz, and Sue Ryder, all readily distinguish themselves; hut again, as always, younger artists or the comparatively unknown take the chance to declare themselves.

With some 434 works on show, inclnding contributions from the Prince of Wales and ranging in price from the low £100s to several £1000, any choice is inevitably arbitrary, bot I did fix particularly on one or two: Jason Bowyer's Steam Museum; Dennis Gilbert's portrait of Mirjana; Sharon Steer's Brazilian Girl; Barry Athertoo's larga figures in a landscape; Dawn Sidoli's Clifton landscapes; R.Showan's domestic interiors; Karn Holly's still lifes; and the several landscapes of Richard Pikesley.

★

Leonard Rosoman is another academician showing for once away from home, and his "War Retrospective" (Tha Imperial War Museum: until November 26 – then on to The Fine Art Society in Edinburgh) shows yet again, if we needed reminding, just how imaginative and creatively productive was the work of the War Artists' Advisory Committee, under the chairmanship of Sir Kenneth Clark during the War. It was a celebration of a contemporary national school, broadly and sympathetically directed, that is unique in the history of art. But, by the way this remarkable collection is treated, too many of our masters still do not realise how lucky we were.

Rosoman was in his middle 20s in 1940, and still with his name to make. The commission he got was inspired, for clearly he thrived oo the opportunity he was given, young and unknown as he was. He served in the Auxiliary Fire Service during the Blitz, which experience supplies tha first group of works. He was nearly killed by the wall that collapsed oo his colleagues. He now finds his painting of the incident distressing and sentimental, as though to make mere visual drama out of tragedy, but the truth of it is that he achieved a true icon of war, in all its complexity of excitement, danger and sacrifice. It is a fine painting.

Later in the War he was sent out to the Far East with the Royal Navy, and worked to remarkable effect on the aircraft carrier, HMS Formidable, with its swarms of fighters, sitting like angry insects with their wings folded on the flight deck. And this small show ends with a group of bleak and empty views of wrecks in Hong Kong harbour, and empty, looted houses in the hills above the city.

Rosoman's 'Corsair Aircraft with folded wings in Hot Sunlight'

On show in the adjoining gallery (also ontil Novemher 26) is the extraordinary sequence of panels made by *Stanley Spencer*, whom, in 1940, the War Artists' Committee sent to Lithgow's shipyard on the Clyde, to see what was going on. "Shipbuilders on the Clyde" occupied Spencer, on and off for the next six years. They too are a tour-de-force, a major mooument to human effort and collective skill.

And while on the subject, I should just say that a representativa and excalleot display of snch work commissioned by the WAAC in the Second World War, drawn from the Tate's own collections, is currently on show at the *Tate Gallery, Liverpool* (until November 19).

Counting the cost of catalogues

Antony Thorncroft *explains why salerooms are making them glossier*

AT SOTHEBY'S in New York on Thursday night tbe first four folios of Shakespeare's plays sold for $2m (£1.3m) to James Cummins, a New York dealer, and a first edition of *Don Quixote* made $1.65m (£1m) They were the highlights of The Garden Ltd, a collection of over 300 books and manuscripts choseo to illustrate the intellectual achievements of man. And the catalogue for the sale, a magnificently bound and lavishly illustrated black handful, sold for $80 (over £50), making it the most expensive single volume catalogue produced by an auction house.

Saleroom catalogues have been transformed in the last decade. Traditionally Sotheby's and Christie's produced limp, uniform, terse, unillustrated catalogues, which were little help to man or dealer. But the competition hetween tbe houses has unleashed a flood of glossy, informativa, minutely researched, hard backad catalogues, packed with pictures in colour, which would enhance the grandest coffee table.

As they make competitive pitches for large collectioos, both Sotheby's and Christie's place the catalogue at the heart of their proposals. The vendor will be immortalised within hard covers, they murmur; his, or her, collection will, through the catalogue, become a permanent memorial to refined taste, a source book for scholars into the 21st century. And if the collection is valuable, likely to make, say, £2m or more at auction, the salerooms will forget that they usually charge for illustrations. A blockbuster catalogue will be thrown into the negotiations to secure the deal.

Catalogues might not have quite the mercenary appeal of some of the other incentives the salerooms dangle before sellers to secure hig profitable collections – touring the art around the world, for example, and (occasionally in the case of Sotheby's) guaranteeing a certain sum from the auction; but the glossy yet rohust scholarly catalogue appeals to vendors' intellectual oretensions. Christie's success in securing the Doheny library owed much to the porteotous red and gold catalogues it delivered.

Althoogh they are often a happy union of art and knowledge – all that erudition, all those pretty pictures – catalogues bave yat to become valuable keepsakes. Catalogues of important historic auctions sometimes turn up in the saleroom or in book dealers' lists, but they show remarkably little appreciation. The famed five volume Honeymann collection of scientific books, sold in the 1970s, has receotly been on the market for £140; the five volumes from Mentmore nudge around the £100 mark as against the £30 price when they came out in 1977. Von Hirsch, another famous sale of the period, with four hardback catalogues costing a hefty £40 when new, goes for less than £100 today. In the Dr Mumby sale of 1976, Sotheby's offered a collection of 500 catalogues dating from the late 19th and early 20th ceoturies and got a top bid of £260.

This could be changing. Sotheby's went to town on the Andy Warhol collectioo last year, producing four catalogues each with an introduction, slotted into a box, and priced at $100. This sold oot, being acquired by Warhol fans who could not afford to pay $23,000 for one of the famous cookie jars, and now fetches a premium. In contrast the Elton John sale did less well in catalogue terms. Sotheby's over estimated the demand, and the boxed set of four, which cost £60 new, can now be acquired for £30.

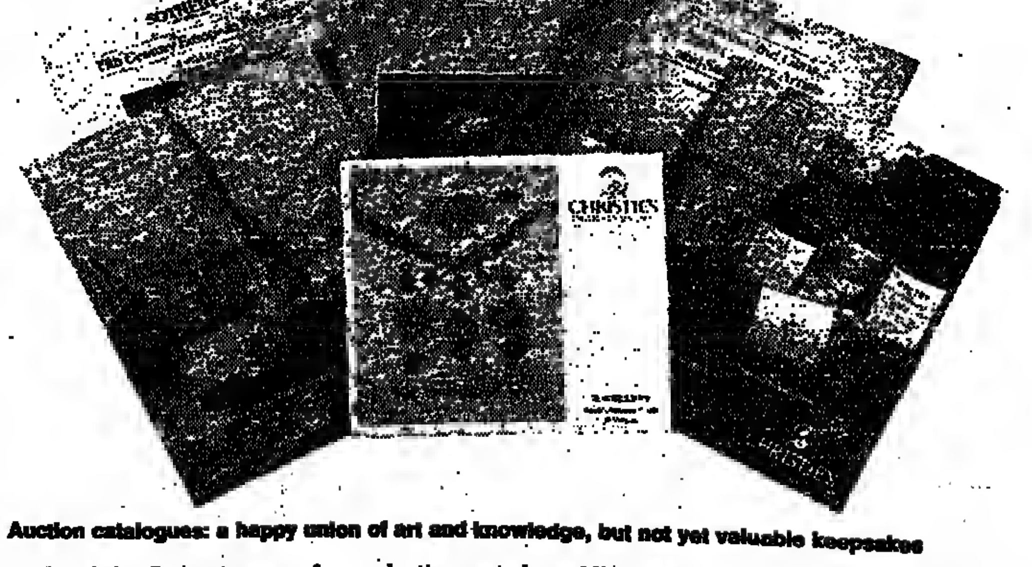
Both Sotheby's and Christie's are attempting to widen the demand for their catalogues, partly because they attract bids at auctions, and partly to reduce their cost. The recent grand catalogue which Christie's produced for its October sale of Russian works of art cost £52,397 to produce. There was a larger than usual print run of 6,500 copies. The unit cost was £8.60; the price over the counter, £10. A more typical Christie's catalogue, for a routine Impressionist sale in London, cost £35,000 for a print run of 4,550, making a unit cost of £7.27, against a price of £10.

But most buyers are annual subscribers for all the catalogues in their collecting field and receive a hefty discount. For example, the 3,400 bibliophils who get Sotheby's book catalogues have had a wonderful return for their £319 fee. As well as the Garden catalogue they will currently be oggling the George Abrams collection, a beautifully produced guide to 129 incunables (books printed before 1500), plus other key works of the first 150 years of printing. The catalogue is printed throughout in "Abrams Venetian," a typeface designed by Abrams himself, and even the over-the-counter price of £35 looks modest for such a scholarly exposition.

Catalogues are still regarded as loss leaders, part of the marketing campaign which has made Sotheby's and Christie's supreme in the international art market. They are reluctant to raise the price of their catalogues, although Sotheby's is thinking of aliminating stupendous one-off books from the annual subscription. They are aiming to save oo production costs by publishing a uniform sized catalogue for all sales in all countries, but certain dapartment heads jealously guard their control over the design of their catalogues.

This is ooe area where Christie's has the edge, at least on the production side. It owns its printers, which enables it to make a maximum charge for a catalogue of £15. It secured the Alan Clore auction when he needed to cash in his Impressionists quickly mainly because it could produce a catalogue in ten days.

Both Sotheby's aod Christie's are examining ways of increasing catalogue sales. Should they sell in shops? Should they advertise them more? The day will surely come when a major catalogue collection passes through a saleroom. When it happens Sotheby's or Christie's will be hoping to relive the experience of Phillips two years ago, when it offered the catalogue, produced in 1807, of the library of the Duke of Roxburghe, and watched in happy bemusement when the two leading London book dealers Maggs and Quaritch chased it up from its £60 estimate to £22,000. Let us hope that thay were not bidding for the same client.



Auction catalogues: a happy union of art and knowledge, but not yet valuable keepsakes

ARTS

Mauled by Frankenstein

Clement Crisp spends an uneasy night at the Royal Ballet

WERE IT not for a very fine performance of MacMillan's *My Brother, My Sisters* as the heart of the programme, it would be necessary to assume that Thursday's new triple bill by the Royal Ballet was devised and created by Baron Frankenstein. Wayne Eagling's monstrous – in every sense of the word – gloss on the good Baron's story, *Frankenstein, The Modern Prometheus*, ended the evening. The opening *A Wedding Bouquet* was so mauled, so malformed, that it was as if Frankenstein had been busily experimenting upon it.

The lumbering programme building that produced this weird concatenation of works was further evidence of Frankensteinian meddling. It was not a happy occasion, save for the return of MacMillan's night-haunted exposure of mad and incestuous games among children.

My Brother, My Sisters is a study of isolated and obsessive siblings: it has the same chill and compelling air of unreason that rages through Ian Banks's dazzling novel *The Wasp Factory*. Five girls' tautly focussed passion for their brother (Wayne Eagling); their ritnalistic games; tbe whisperings and feverisb encounters in e half-light; Bryony Brind, sweetly certifiable and eddying like a threat through a dark house: these are the components of a brilliantly realised revival of e major piece. I have not seen Miss Brind dance better for years, nor seem more truly an artist, than as the leading sister.

Wayne Eagling cuts to the heart of the ballet's feeling as the brother, poised on the edge of horror, sexually and emotionally irresistible to his sisters. Lesley Collier is again the bespectacled girl, by turns rival and victim to Miss Brind. Fiona Chedwick makes the youngest girl terrifying – both child-like and calculating.

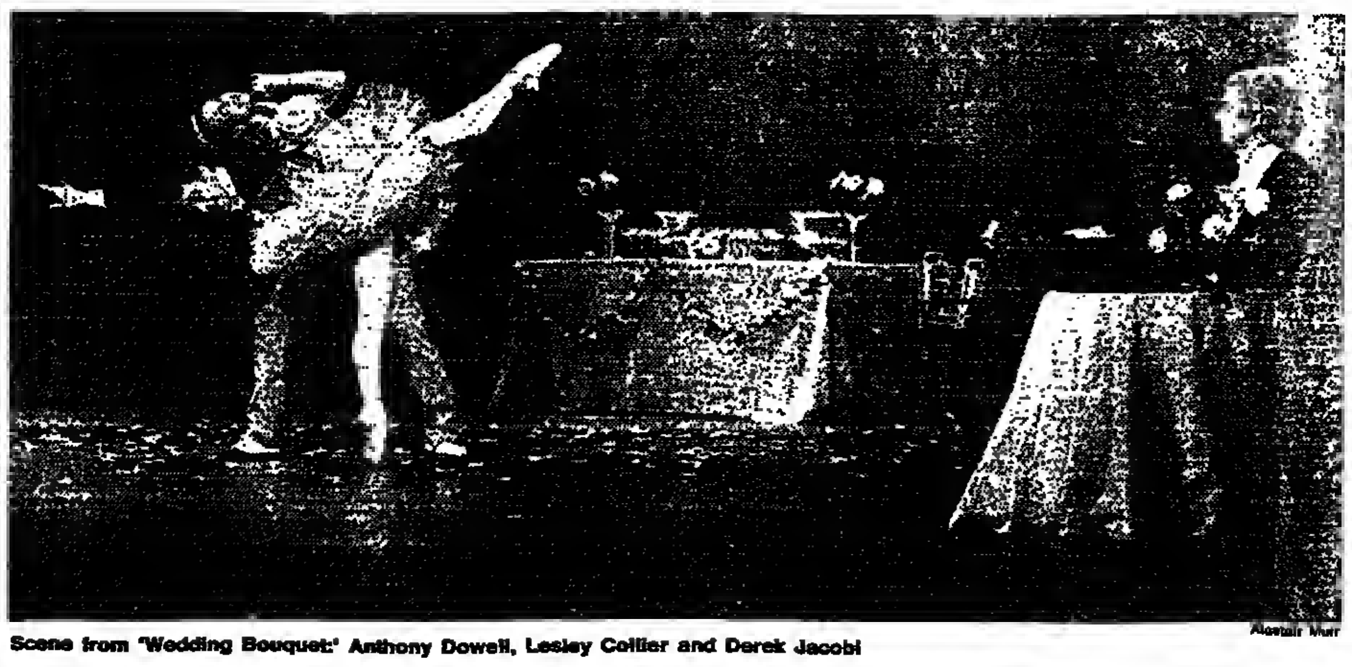
Admirably tnned interpretations from the entire cast; a strong performance of the Schoenberg and Webern scores under Richard Bernas; Yolanda Sonnabend's design a companion to the drama and its emotional resonances: these elements, and MscMillan's choreography, tell of the Royal Ballet as a strong and serious troupe.

Tbe revival of *A Wedding Bouquet*, shows the company despoiling its hirthright. This is the wittiest, most worldly piece of social comedy we have. On Thursday night it was performed – with the honourable exception of Monica Mason as Webster, and a couple of minor roles – as knock-abont farce of the bleeriest, beeriest kind. Antbony Dowell played the Bridegroom es e rabid Monsieur Verdoux; Bryony Brind flailed as Julia, where she should be pathetic; other roles were coarsened, or blank.

Tbe cast romped, and goading them was Derek Jacobi as Narrator. As spoken by Constant Lambert, Robert Helpmann (and, indeed, by Anthony Dowell) the Gertrude Stein text used to have an extra-sec wit, with every line underplayed. Mr Jacobi has been led to believe that no phrase but must have all the juice extracted from it, that every repetition ("Josephine may not attend a wedding") can be jollied along, camped np, belaboured with vocal tricks. It was a horrid and unworthy performance, with Lord Berners elegant score driven like a Ben Hur chariot by Mr Bernas. The guardians of the Ashton heritage – which is a national heritage – must look to their task.

There is no point in commenting npon Wsyne Eagling's *Frankenstein*. It is an assemblage of stage tricks as e substitute for dance and drama, with an sound track that is e Niagara of saccharin, and design of commensurate vulgarity.

The only intriguing matter is that the Royal Ballet should have chosen to exhume it, when the store-house of the company repertory is filled with serions master-works which would enhance, rather than sully, the tronpe's reputation and artistry.



Scene from 'Wedding Bouquet:' Anthony Dowell, Lesley Collier and Derek Jacobi

Alastair Muir

Merce without Merce?

THE MERCE Cunningham season at Sadler's Wells thet ends tonight is historic in that it is the first in which Cunningham himself has not performed every night. Is there Merce without Merce? Of course. What's most important in Cunningham is abundantly present in his dancers. During the 1980s, there had already been revivals of several Cunningham works – *Septet, Rain Forest, Duets* – in which the choreographer's original role has been successfully ceded to junior dancers. I look forward now to revivals of such other works as *Quartet* with one of the company's more experienced male artists such as Chris Komar or Robert Swinston in the Cunningham role.

In the present company of 15 dancers, there is not one weak link. You can argue about this or that casting. (Isn't the newest male dancer, Michael Cole, dancing the Alan Good role in *Pictures* with rather too sforzando an attack to each movement for this Elysian work?) But it's a constant privilege to behold the steadfast power, the rapt ebsorption of these artists.

In the 1987 *Points in Space*, which returned to London in the final programme on Thursday, Catherine Kerr – recently retired – used to give a rivetingly strong, intense performance in the central dnets with Alan Good. Now Victoria Finlayson, who replaces her, is an even more beautiful exemplum of still concentration. In fine points of small footwork and in the rich arch of her spine in the work's many back bends, she's ravishing; and her sndden switch in mid-duet from sustained adagio in Good's arms to urgent, unsupported allegro is thrilling. And then, suddenly, she dives backwards in a hair-raising sudden-death fall. Good catches by the shoulders a few inches off the floor. Here as always Good is a handsome model of calm manly grace and manners.

The dancers would not be so glorious were it not for the teaching with which Cunningham has prepared them and the choreography that he gives them to perform. But there are times when, at least on first inspection, the only particular pleasure comes from seeing how splendidly they negotiate the varied supply of material they've been given. It only takes one look at the new *August Pace* to see, as Clement Crisp has already recorded here, that in this Cunningham bas made one of his most miraculous works; and the duet material of which it is made is new and moving. But I have never had to spend so large e part of a Cunningham season fending off tbe wretched scores and designs. Programme two featured two other works new this year – *Inventions* and *Field and Figures* – and the 1987 *Carousal*. The dance felicities were numerous but incidental. I could find no connecting thread.

Of the works new to London, the music for *August Pace* – Michael Pugliese's *Peace Talks* – is the only one with any serious distinction. Elsewhere we heard clangs, beavy breathing, tuneless singing – oh, all kinds of the silliest musical Dadaism. The Cunningbam devotees rightly say that there is more than enough compensation in the dancing, from the dancers I have mentioned right through to the company's newest member, Jennifer Weaver, who is modest, tall, formidably strong and already amazingly alert to the many moods of the movement. But the season has given much ammunition to those who argue tbat the Schools of Cage and Rauschenberg have fallen into their dotage. Cunningham and Co. have to carry the day too often alone.

Alastair Macaulay

Radio

Young Comrade out of line

WITH PERESTROIKA flooding Europe, the basic Communism of Brecht's *Lehrstücke* sounds naivc. Tbe story of The Decision (Die Massnahme), whicb dates from 1930, is borrowed from a Japanese Nob play, used in s simpler way in *Der Jasager (The One who says Yes)* – a little boy is taken ill on a mountain climb and consents for tbe general good to be thrown over a precipice.

This becomes the sacrificial need for Communists to be sure tbey all agree with Party principles. A team of agitators from Moscow arrives at the Chinese frontier, and are met by a Young Comrade from tbe local people. Have you brougbt guns, he asks, trucks and stuff? All we have, be is sternly told, is the teaching of Marxism, the ABC of Communism. (I read Bukharin's book of that title when I was et school. Bukharin came to tbe same end as the Young Comrade.)

All must wear disguise and become "anonymous." On eacb episode, the Yoong Comrade makes the same basic error: be is sympatbetic. So be helps coolies beaten because they can't haul their barge for the slippery shore; at the strike-ridden textile factory he assaults a brutal policeman; with the ricb businessman be asks about tbe workers; at the bunger-riots, he tells the rioters to storm the barracks. All these are against Party orders. Who is the Party? be asks. *We* are, tbey say, we and you. Take no line but ours.

The Young Comrade finds this too mucb. But wben it is explained tbat he msy endanger the whole expedition, be has enough *Einverständnis* to egree witb his comrades' decision – be must be shot and buried in a *lime-pit* so that be can never be recognised.

This is presented in tbe shape of a Bach cantata, with choruses, recitetive snd dialogue. Brecht collaborated closely witb Hanns Eisler, the composer. I found it hard to follow the words of the choruses, bnt otherwise it is eloquent in a martial way. The play, translated by John Willett, is deeply unsympathetic to me, but I am glad to have heard it. The conductor was Robert Ziegler and the director, originally et the Almeida, was Stephen Unwin.

A sbame that listeners couldn't have beard Monday's play on Radio 4 before this one on Tuesday, for Globe Theatre brought us *Redevelopment*, by Václav Havel. Havel knows more about practical politics tbsn Brecht learnt from his ABC of Communism. He lives witb it in the position of the Young Comrade, at the mercy of his sympathies.

Redevelopment is a typlcal Havel joke. Eminent architects are quartered in an old castle, working on plans to rebuild the neigbbouring town. The citizens dislike the plans, and bring a petition, signed by 216 objectors, to tbe Director (Martin Jarvis). The Special Secretary (John Moffatt) labels them a "pressure group," and sends them to the dungeons. But never mind, tbere are no building facilities available yet.

Tben a new Inspector is appointed. He stops all tbe bulldozing, allows more individual ideas, frees tbe prisoners from the dungeons. "We've waited years for this," says the Director; but almost as soon as the celebrations are done, another new Inspector arrives. Old preparations are now to go on urgently. The prisoners are put back in the dungeons. When some apples are brougbt for them, they are cut into small pieces in case they contain messages, and will not be given until Fruit Transmission Time, wecks awsy.

Havel's talent is for people living under Inexplicable constraints, and he has many cbances bere. His varied architects include Ulcb, wbo believes in modern building, sentimental Plekhanov with his violin, and romantic Albert, wbo falls in love with Luisa, mucb his senior and elready pledged to the Director. Tbere is even a ghost-legend. It is not great Havel, but it is thoughtful and funny, well directed by Gordon House, and it sbows what can happen under Communist *Einverstöndnis*, wbicb is imprudent loyalty to comrades.

B.A. Young

Madame Mao on Merseyside

LIVERPOOL Playhouse is decked with posters in Chinese. The stalls bar is bright with kites and lanterns. Madame Mao is on Merseyside. Our oldest Chinese community – anticipating Manchester's more populous and better-known Chinatown by many years – sees the British première of an Australian play on the bastard born into poverty, an actress-turned-politician, who briefly influenced a sizeable section of the world's population before being sentenced to sew dolls and reflect on her misdeeds; and who at 76 remains unrepentant: "I have accomplished what I set out to do."

The title-role of Melbourne-based Thérèse Radic's *Madame Mao* is taken by Tsai Chin. The actress' parents died as a result of persecution in the Cultural Revolution; her brother was condemned to hard labour. The excesses are hinted at late in the play when the Chairman's wife anathematizes sunglasses, bright shirts and western music – all damned as "suspect."

The story is extraordinary and suggests, if nothing else, a will of steel. The author finds a consistency in the pretty actress who loved the silks of fashionable Shanghai (even when politically educating the workers), the young player who suddenly identified with Nora in Ibsen's *A Doll's House*, the tart – or at least sexual manipulator – and the vengeful dictator, a consistency that springs from a quickly arrived at feminism.

The child Jiang Qing was brought up as a woman and thereforea chattel. A schoolroom scene portrays the young girl humiliated by a supercilious teacher who drills the sayings of Confucius into her to reinforce the inferiority of women. This puts the brainwashing slogans of Chairman Mao into a cultural perspective and is ironically echoed when, years later, she consigns Confucius to the flames of burning books, despite her husband's misgivings.

The womanising Mao was her fourth husband. (Her third, "a theatre writer of romantic character and cosmopolitan culture" – evidently a critic – was suicidal and ended up running a Chinese restaurant in Paris). She was his fourth wife; the grim tenacity with which she kept in the background and bore his infidelities while biding her time recalls Catherine de' Medici. Among all the political slogans we find her reiterated conviction that "Men are evil; we must outrun them or die."

The hundreds of thousands who suffered and died, the irreplaceable treasures destroyed, are not dwelt on. Morally the play remains ambiguous. The strength of Peter Oyston's production lies in the Chinese theatre stylisation of much of the action, aided by Sue Lefton's choreography – notably when the Red Guard torture their victims in wordless, balletic mime. Flags, musicians, scene-setting banners help unfold the story. As yet the pace lacks smoothness; lengthy scenic preparation often swamps the episodic, sometimes cryptic writing. What should be a strong Act 1 conclusion, with the appearance of Mao, fizzles out as the actors wander variously off-stage and the audience wonder when to clap.

In the second half when political discussion takes over the pulse flags and the spectacle lose dramatic impetus, especially since Tsai Chin makes a small-scale, understandably reserved monster/victim. The other nine players share many roles. Tony Steedman hardly distinguishes between Mao and his other embodiments of male authority and sexuality – slightly confusing when, like Richard III, Madame Mao is visited by the ghosts of her past. Noreen Kershaw (the original Shirley Valentine) is s vigorous comrade and early ally whose family become victims of the impersonal juggernaut of the Cultural Revolution.

Laurie Dennet's striking set – sliding platforms, a flaking Chinese arch, poles stuck upright into the ground for prison bars - and Patrick Dineen's songs enforce the occasionally Brechtian flavour. We even see the indefatigable iron lady redirecting the Peking Opera in her politically okay revision of culture. Perhaps it's as well that we are governed by leaders without the faintest interest in the arts.

Martin Hoyle

Records

Showbiz on disc

LOVERS OF Mendelssohn's Violin Concerto alreedy know one of Andrew Lloyd Webber's greatest hits, though possibly unaware of the fact. Alas, the composer of *Jesus Christ Superstar* comes up with no such goods in Aspects of Love (released on Polydor 841 126). Michael Coveney warmly welcomed the stage production in these pages. Superb presentation may well bring out the showbiz smoothness of it all; through-composed dialogue put over by singing actors rather than trained operatic voices may well indicate the future path for music theatre. But merciless exposure to Lloyd Webber music and the words of Don Black and Charles Hart with no visnal distraction leaves one numbed with overwhelming triteness.

This Never-land, after David Garnett, of rich English sculptors with French villas, Italian mistresses and Shantung scarves to stanch wounds inflicted in *crimes passionnels*, looks wildly novelettish in its post-war setting. Couplets like "Those wretched investments I made have gone down the drain/ After today there'll be no more Champagne" emerge naked and unashamed, as does the authors' slovenly way with the language (For heaven's sake! Who's making all that mayhem?).

Mr Lloyd Wehber's blowzy and grudging muse is inadequate for high drama or profound emotion. "Love Changes Everything" is e rather good tune, but the composer does little with it except repeat it, conveying intensity with volume – tactics that fail to work with inferior msterial like "Seeing is Believing." At best the score has an oddly outdated milk and water lyricism that recalls the junket wholesomeness of, say, *Our Miss Phoebe*. The cast – accents just this side of mid-Atlantic, just the right level of suburban acceptability – is ideally gauged, like the whole kitschy enterprise, to the coach trade.

Sadler's Wells New Opera recorded its revival of Noel Coward's Bitter Sweet last year (TER 1160). The handsomely produced two-disc set includes nine numbers never recorded before and background notes by experts Kurt Ganzel and Sheridan Morley – who reminds us of the work's genesis in a *Fledermaus* record, though "What Is Love?" sounds nearer the Polovtsi than the Prater. The new orchestrations might be more apt to the hustling banality of an old *Look at Life* sound track and set a rather coarse-grained note for the rest of the revival.

Valerie Masterson predictably provides the best singing, but shows up Martin Smith as an actor in musicals rather than a singer – "If You Could Only Come with Me" is hardly vocalised at all. A lightweight hero who almost croons, he sounds less romantic than wimpish.

Apart from such classics as "I'll See Yon Again" and "Zigeuner," the score taps a vein of gentle wistfulness in that flawless gem, "If Love Were All." Rosemary Ashe's thickly laid-on French accent *distracts* from its delicate charm. Pace and mood, here as elsewhere, are turgid. The "Ladies of the Town" are raucous Cockneys, so many Eliza Doolittles, and the "Green Carnation" is squawkily camped up. Evidently Coward now requires a style, a lightness of touch, as alien to us as Restoration comedy.

The newly recorded items throw up no new treasure. The general impression is of a waltzing, swirling Coward in romantic mood. Heretically one might suggest the plums should be accommodated on one disc. The long Act 1 finale with its plot ramifications and development does not really hang together. Coward could have learnt from Gilbert and Sullivan here. The generally decent voices even include, among the footmen, Michael Chance, now making s name in the counter-tenor reaches of Baroque.

After the artistic stagnancy of Lloyd Webber and the over-frilled furbelows of Coward, Flora the Red Menace comes as a gust of tangy fresh air. An early Kander and Ebb show, this Depression-era anecdote of struggle, optimism and resilience flopped on Broadwey in 1965 despite the combined talents of Liza Minnelli (star), George Abbott (director) and Harold Prince (prodncer). A 1987 revival in the small Vineyard Theater with a cast of young unknowns, a rewritten book and e single piano, comes up fresh and touching on TER 1159.

The play within a play is performed by young actors on a WPA grant in 1935. The show is punctuated by a "Street Song" (refrain: "Mister, just give me a job") and is characterised by energy, urgency and hope, as in the ensemble "All I Need is One Good Break." It is devoid of sentimentality or self-pity. Exuberant Flora has a new number written for the revival, "The Kid Herself," in which the deligbtful Veanne Cox never lets us miss Minnelli. A *tour de force* patter number when idealistic Harry almost sweeps Flora off her feet and into the Party, with an ever-lengthening cumulative refrain ending in "You're a communist – sign here!" is show-stoppingly done by Peter Frechette. The ectivist villainess is introduced in sinisterly Russian melodic mode, but there are no real villains in this affectionate piece, any more than there is tragedy; just a shrug, s wry grin, and wondering what tomorrow will bring.

Martin Hoyle

CHESS No. 797

1 ... Rb2? (simply Re5 2 Rb4 b5 draws) 2 Rb4 b5 3 axb5 a5?? (axb5 draws though a pawn down) and both players missed 4 b6 axb4 5 b7 when the pawn queens.

SPORT

'You've got to have an eye for a horse'

"ENDISM" IS all the rage at present. The end of history. Of communism. Of love, literature and Nigel Lawson. Strange to relate, hut endism only seems to exert an influence on large subjects or objects. There does not seem to be any micro-endism. No-ooe, for example, is suggesting that sport is coming to a pre-millennial end, let alona that one of its most glamorous and satisfying componeots, horse racing, is remotely on its uppers.

Racing is thriving – particularly in England, particularly at Newmarket, its venerahle headquarters, where a few days ago I watched the gold and russet leaves of the chestnut trees at Pegasus Stables flutter to the ground. In a few months' time, however, those same chestnut trees will be bursting into leaf again in celehration of the start of James Fanshawe's career as a racehorse trainer.

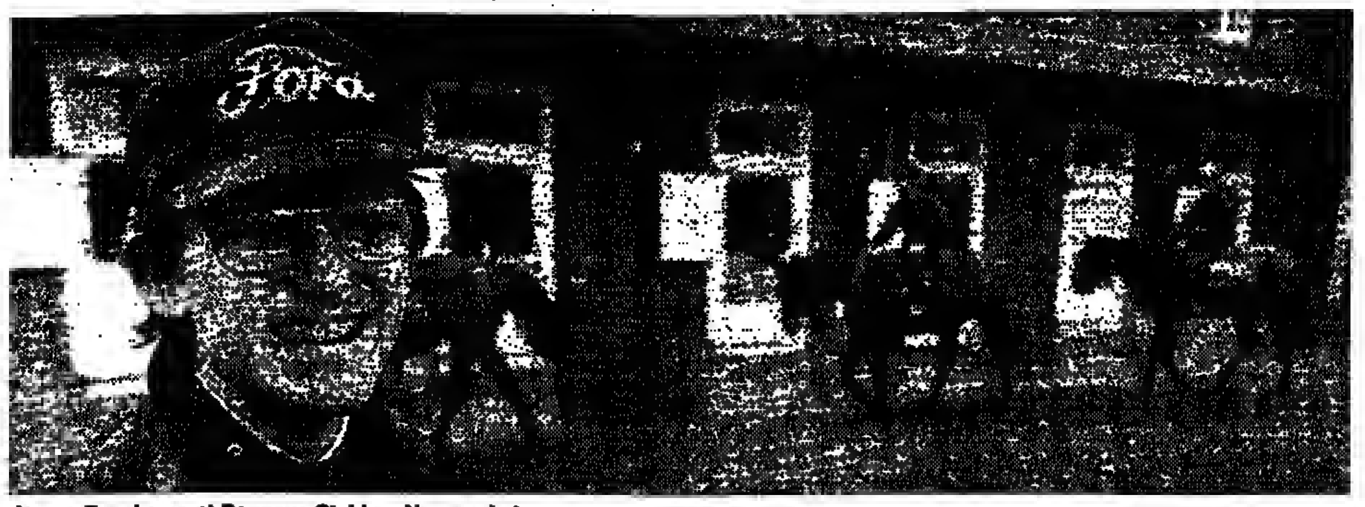
Fanshawe is 28. He is tall (6ft 2ins), gangling, bespectacled and extremely well-credeotialled, having served seven years as assistant to Michael Stoote, one of Britain's most successful trainers – a preparation that will have left Fanshawe with no illusions as to what is required to make a name for himself on his own.

Plenty of young trainers are in the process of establishing themselves, helped hy the wave of prosperity on which British racing appears to be launched. Among them, Fanshawa's qualifications seem as good as anyone's. He looks to have a shrewd eye for a horse; will have learned many hard lessons at Stoute's; has a broad raoge of contacts and is unstuffy and modest – qualities not always associated with the training profession.

"The last thing f want people to think," he told me, "is that I'm some sort of whizz kid who thinks he knows it all and is about to start winning everything in sight. Racing isn't like that."

A trainer's life sounds jolly pieasant – up with the larks, a 25-course breakfast, out on the gallops, off to the races, hobnohhing with sheikhs and queens, top hat and tails, rivers of champagne, bashing the beastly bookies, nonchalantly smiling as another winoer flashes home, a Lear jet to Kentucky, caviar by the hucketful – the money just rolling in. (Apart from training fees and a slice of the prize money, there are numerous ways in which top trainers grow rich, from betting – if they want to – to huying and selling bloodstock).

The reality is different, at least for most trainers. It is all about basics, which is why the first thing Fanshewe showed me when we strolled round the yard was a newly-installed corn-crushing system. "Australian oats, Canadian hay," he said tersely. Nor does the yard ring with superfluous witticisms. Racing is a husiness, training is deadly serious, which is why one of Fanshawe's staff told him as we entered the yard: "Kev's doing the Shahrastani, so there's just the Elegant Air to mnck out this afternoon." Fanshawe seemed pleased with this crucial intelligence.



James Fanshawe at Pegasus Stables, Newmarket — Alan Harper

Pegasus is leased. Fanshawe moved in a year ago. It is an historic yard, built hy Fred Archer in 1883 and home of the 1919 Epsom Derhy winner, Grand Parade. In recent years it has been used by trainers Bill Watts, Michael Jarvis, Clive Brittain and Patrick Haslam. It is in need of some repair, and its famous clock is broken, but it is an ideal establishment from which to launch a career.

There are 57 horse boxes and seven acres. It is beautifully quiet. When f talked to Fanshawe he already had 20 horses in his care, including 18 yearlings (soon to become two-year-olds), owned by 14 owners, having attended all the main European yearling sales this year and attracted patrons from Sweden, Japan (ha hopes), the US, Ireland, England – and Dubai, which means the horse-mad, money-no-object, ruling Maktoum family.

The price range of the yearlings in Fanshawe's care ranges from 2,000 guineas (1 guinea = £1.05) to 56,000 gns, with some of them still for sale or lease. "I will definitely have at least 25 horses by the start of the next Flat season," he says. This is the minimum that his accountant thinks necessary for a Pegasus-sized yard. "A lot of the horses will be named after the firms that have bought or leased them."

When I arrived at the stable Fanshawe was entertaining Syunichi Yamada, the president of a firm of Japanese construction consultants, who had that special hrand of jollity that marks the Japanese rich.

James Fanshawe was born to train. His family background is almost exclusively military. He spent his childhood in Warwickshire and then in Galway where his father was master of foxhounds of the Galway Blazers. Then the family moved to the Cotswolds. James rode ponies from the age of four, and was point-to-pointing and chasing foxes shortly thereafter.

He left school at 18, spent a month working on his father's farm, and then launched himself on the training ladder, first with George Fairbairn in Northumberland, then Josh Gifford, then David Nicholson, then with Michael Stonte, where he was responsible for one of Stoute's two yards, Beech Hurst.

At Pegasus Fanshawe has assemhled the makings of a young and talented staff, including Paul Carvill, assistant trainer, Michael Reid, head lad, and apprentices Lee Arnold and Kevin Rogers. Fanshawe hopes to use top jockey Walter Swinhurn whenever possible

"When you first start you're grateful for any horse that comes into the yard," he says, "but you want a balanced team as well. Yon want two-year-olds that are going to make an impact fairly quickly, hut that also have scope for training on. Basically, I'll buy horses that f like. A lot of things are important – movement, limbs, athleticism, personality and outlook. You've got to have an eye for a horse and no mistake. Whether I have really got the 'aye' will rapidly become apparent."

As for training, he says that there is no particular magic to it. "It's about hard work, management, team spirit, detail." On the other hand, explaining what ingredient distinguishes an out and out genius like Noel Murless or Vincent O'Brien is next to impossible.

These are boom times for British racing, agrees Fanshawe. "There is a great deal happening – satellite broadcests of racing to betting shops, which should help boost the betting levy, the tougher stance on whips, night-time racing, all-weather tracks."

On the other hand, the inflation of racing costs shows no sign of being checked. The top Newmarket training rate is now about £30 per day – £210 per week – though that is extremely basic and does not include extras like gallop fees, shoes and plating, routine veterinary attention (say £20-£30 per month for vaccinations and teeth rasping, though vets' fees can easily balloon, with equine operations costing much the same as human surgery), insurance, registration fees, travelling, race antry and jockeys' fees, and on and on.

James Fanshawe will not be charging £30 per day, at least not to start with. But he hopes his time will come. In the view of Michael Stoute, Fanshawe has all the qualities needed to succeed – above all, dedication. If he really makes the grade, he will be able to import his own hrand of caviar in his own little Lear jet.

Michael Thompson-Noel

McEnroe makes it a Challenge to savour

John Barrett revels in a week of Wembley tennis with more than a touch of old times

IT WAS quite like old times at Wembley. John McEnroe was back in town and the rulers of the men's game were engaged in one of their periodic bouts of in-fighting.

The left-handed American first won this tournament in 1978 when it was the Benson and Hedges championship, and he claimed it four times more in the five years that followed. Having climbed back to a world ranking of No. 4 after a period in the doldrums, it seemed right, therefore, to see him seeded No. 1 again at tha newly-named Silk Cut Challenge.

McEnroe was also playing some beautiful tennis, directing occasional snarls at the court officials and offering unsolicited advice to the umpire as he hreezed through his first two rounds against fellow-American Scott Davis and the German Davis Cup player, Eric Jelen. But there is a mellowness about the 30-year-old warrior now.

There used to be moments during the winning years when one felt acute embarrassment watching the perfectionist streak wreaking its havoc. Now, there is less venom in the protests – perhaps the result of marriage to Tatum O'Neal and the responsibilities of fatherhood contributing to the maturing process. Whatever the reason, the spectators in the refurbished Wembley Arena seemed glad to see him.

Indeed, thay were almost as glad as tournament director Len Owen of Gallaghers. When the original calandar was announced, pitching his $517,000 event against the $1m tournament in Stockholm, he seemed likely to be presiding over a mouumental flop. As it has turned out, the first tournament under the new banner has produced an attractive field and some fine tennis. And last night's contest between McEnroe and the mysterious Czech, Miloslav Mecir, promised to be the match of the tournament, with Michael Chang's engagement against the top Russian and No. 7 seed, Andrei Chesnokov – a repeat of the French semi-final – almost as interesting.

Even in defeat, 37-year-old American Jimmy Connors, seeded four, who won the first B&H tournament in 1976 and beat McEnroe for a second title in 1981 (a memorable five-set match, that one), produced some delightful moments against fellow left-hander Alexander Volkov, 15 years his junior. The tall Russian is one of those frustrating opponents who, despite a certain stiffness, hits fluent shots, hard and true, that are either virtual winners or expensive losers.

It is only when you discover that Volkov is really a right-hander, who plays with the left only because he twice broke his right arm when learning the game as a youngster, that you realise why he sometimes looks awkward. in the circumstances, his progress is astonishing.

Against Connors, the Russian lost the first four games but got himself into the contest by extending the opening set to nine games. When Connors broke to lead 4-3 in the second set, the match seemed as good as over. But here, the years caught up with him.

Despite having just won his 108th and 109th tournament titles – in Toulouse (where he beat McEnroe in the final, incidentally) and Tel Aviv – Connors now is subject to that most dreaded of all complaints for professional sportsmen, concentration slip. f remember the ageing Ken Rosewall, still winning circuit tournaments well past his 40th birthday, describing the unnerving experience of realising suddenly that two games had passed without him remembering a thing about them.

Connors had a few such moments of amnesia. Four forehand errors allowed his opponent to believa he might have a chance. The Russian took it beautifully, and even survived a match point in the final set before completing his 3-6 6-4 7-6 win.

As a footnote it is worth recording that Volkov's brittleness cost him his next match against Robert Seguso, who won their entertaining battle 6-4 2-6 7-6. The American can be congratulated for surviving on little sleep for he is in London with his wife, the former Carling Bassett, and their 20-month-old son, Holden.

At the tournament dinner on Monday, Holden fell asleep on his father's shoulder after enjoying a playful romp with Miloslav Mecir jun., who is a couple of months older. Such are the problems of the itinerant sportsman.

In another opening round encounter on Tuesday, it was pleasing to see Britain's only qualifier, Nick Brown, come so close to beating Chesnokov, who won an absorbing battle 4-6 7-5 6-2. Brown is an enterprising chap. At the age of 27, he decided to return full-time to the circuit this year after almost five years as a coach at David Lloyd's indoor clubs.

Brown became convinced there might be a future as a circuit professional following his success in last year's Mortgage Corporation League when, playing at No. 1 for Lloyd's Raynes Park, he hrought in the points regularly with victories over experienced players like Peter Fleming and Darren Cahill. In the circumstances, a ranking of 151 at present is no disgrace. But the next step – breaking into the top 50 to ensure an entry to the main tournaments – will be a real test of character.

Despite the benefit of help from Ian Barclay, Pat Cash's Australian coach – who, sensibly, has been introduced to the top British players by national team manager Warren Jacques – there are still technical flaws in Brown's game, especially on the forehand side, that will be difficult to eradicate and impossible to conceal.

These are the real moments of truth in a player's life. If Brown can learn from them, and maintain his improved work rate, he could yet become the best of the British men.

Meanwhile, there are soma interesting developments in tha battle for supremacy between the ATP tour, the 1990 circuit organised by the players, and the Establishment. Donbtless encouraged hy promoter Ion Tiriac, who acts as their consultant, the German Tennis Bund have said they will not sanction the Grand Slam Cup, the new $6m event to be held in Germany next December for the eight men who perform best in next year's four major championships and the Davis Cup.

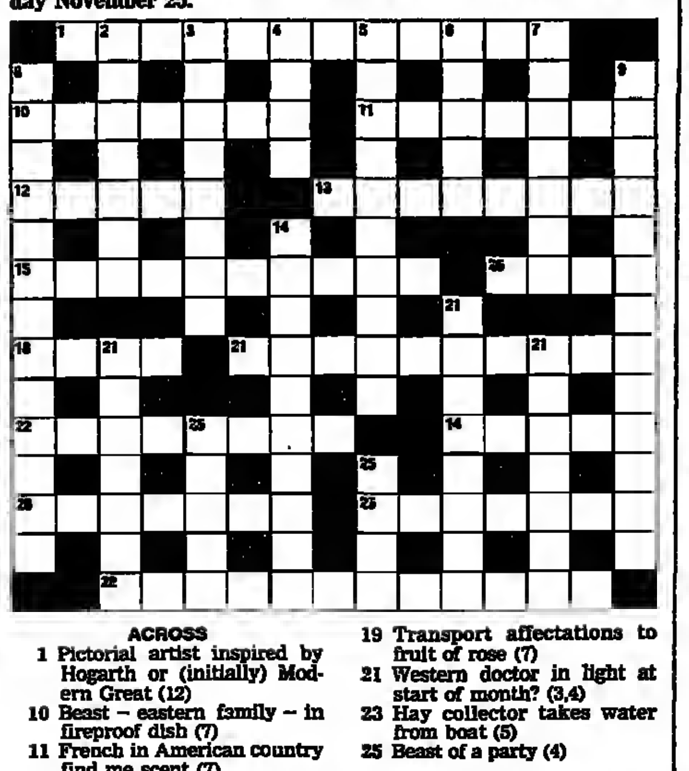
Dr Axel Meyer-Woelden, the promoter of the Grand Slam Cup, is threatening to sue the Bund if they continue to oppose the competition. "What they are doing is against German law. They have no right to sanction or not to sanction the cup," he told me. "It is entirely outside their jurisdiction. Of course, f would welcome their co-operation and f hope that some sensible arrangement will be made for them to become involved."

As the plot thickens, this everyday story of millionaire folk will deserve a full investigation.

CROSSWORD

No. 7,087 Set by CINEPHILE

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday November 22, marked Crossword 7,087 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday November 25.



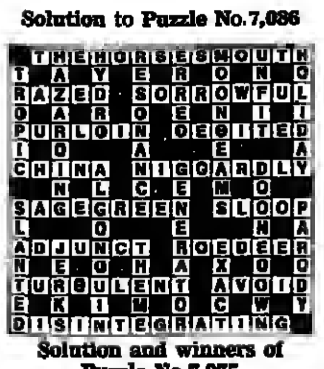
ACROSS

1 Pictorial artist inspired by Hogarth or (initially) Modern Great (12)
10 Beast – eastern family – in fireproof dish (7)
11 French in American country find me scent (7)
12 Command the cosmos (5)
13 Isles of man and women getting married (8)
15 Business partnership of a kind in hemlock (10)
16, 18 Start scheme for fewer walls (4,4)
20 Insignificant presentation of calf love in art (10)
22 Abandoo enterprise? (Note bill held by European or Asian) (4,4)
24 What to do with a caravan that is to say (2,3)
26 Moor to return greeting (7)
27 Book about wireless operators as singles (7)
28 Square piece of writing from French put through the mill (6-6)

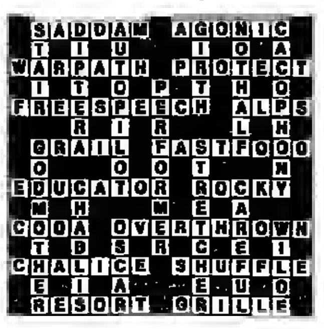
DOWN

2 Parliamentarian, a shire at the other end (7)
3 Become established: OK to tear off? (4,4)
4 Medal before meal? (4)
5 Drink a small pint, with juleep cocktail, on the rocks (5,5)
6 Anger – in time could be purchaser too (5)
7 Collect and raise to coovenieot number (5,2)
8 Concern when to sign tenancy agreement? (13)
9 Rude remarks by wall known people (13)
14 Threat of violence upsetting to doctor's locum (5,5)
17 Latin man turned out such a brilliant performer (8)
19 Transport affectations to fruit of rose (7)
21 Western doctor in light at start of month? (3,4)
23 Hay collector takes water from boat (5)
25 Beast of a party (4)

Solution to Puzzle No.7,086



Solution and winners of Puzzle No.7,075



Mr H. Boothroyd, Gaydon, Warwick; Mr O.H. Cleaver, Ferndale, Glamorgan; Mr J. Creber, Saltash, Cornwall; Mr J. Gillett, Ledhury, Herefordshire; Mr D.W.J. Miles, Geneva, Switzerland.

TELEVISION & RADIO

SATURDAY

Indicates programme in black and white

BBC1 [illegible]

BBC2 [illegible]

LONDON [illegible]

CHANNEL 4 [illegible]

S4C WALES [illegible]

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

BBC RADIO 4 [illegible]

SUNDAY

Indicates programme in black and white

BBC1 [illegible]

CHANNEL 4 [illegible]

BBC2 [illegible]

S4C WALES [illegible]

LONDON [illegible]

ANGLIA [illegible]

BORDER [illegible]

CENTRAL [illegible]

CHANNEL [illegible]

GRAMPIAN [illegible]

GRANADA [illegible]

HTV [illegible]

SCOTTISH [illegible]

TSW [illegible]

TVS [illegible]

TYNE TEES [illegible]

ULSTER [illegible]

YORKSHIRE [illegible]

RADIO [illegible]

BBC RADIO 2 [illegible]

BBC RADIO 3 [illegible]

RADIO 4 [illegible]